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**PUBLIC-PRIVATE VENTURES
IN BACHELOR QUARTERS**

**A Solution to the Loss
of Military Construction Projects
Volume 4: Appendices I through L**

Report NA705R2

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AUG 07 1990
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June 1990

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13. ABSTRACT (Maximum 200 words) The Navy has a substantial requirement for new bachelor quarters (BQs) during a time of austere budgets for military construction. Public/private ventures (P/PVs) may offer an alternative. With a P/PV, a private company would finance, design, build, operate, and maintain a new BQ facility at its own risk of profit or loss. This report examines the feasibility of P/PVs, and how they should be structured, using five test sites, and presents example requests for proposals. P/PV BQs for enlisted and officer transient personnel and for junior enlisted permanent party personnel offer a less costly alternative to BQs built and operated with conventional Government funding. Factors affecting economic feasibility of a P/PV BQ include project size, occupancy guarantees, interest rates, contract term, construction specifications, and Government statutory and regulatory restrictions. Occupancy guarantees are particularly important. With a reasonable occupancy rate guarantee, the contractor can charge much lower room rates. We recommend that the Navy pursue P/PVs and accelerate its internal P/PV planning and procurement process. The Navy should assume more risk by guaranteeing occupancy rates where warranted by demand for lodging. The Navy should also request DoD to develop an economic justification methodology specifically for P/PVs.				
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PREFACE

This is Volume 4 of a four-volume report; this volume consists of Appendices I through L. Volume 1 describes the findings, conclusions, and recommendations of our study of public/private ventures in the construction and operation of bachelor quarters for Navy enlisted and officer personnel.

Volume 2 presents Appendices A through E, and Volume 3 presents Appendices F, G, and H.

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APPENDIX I

**REQUEST FOR PROPOSALS
FOR BACHELOR ENLISTED QUARTERS
AT NAS JACKSONVILLE, FLORIDA**

PREFACE

Appendix I was originally published separately by LMI as a sample request for proposals with a restricted distribution. We reprinted it here with no changes.

RFP FOR TRANSIENT BEQ

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SUMMARY OF THE REQUEST FOR PROPOSALS

The Naval Air Station (NAS), at Jacksonville, Florida has a need for a 360 room dormitory. This dormitory, which will be built on base, is called "Bachelor Enlisted Quarters" or "BEQs" and it is needed to accommodate permanent party enlisted (E1-E4) personnel assigned to NAS Jacksonville. This summary serves as an overview and guide to the Request for Proposals (RFP) for this BEQ.

In the past, the military has always built and operated its own bachelor enlisted quarters. This contract will be one of the first to use the private sector to finance, build, operate, maintain, and own on-base BEQs, where the base at Jacksonville is the Navy's test base to see how the concept works.

The RFP has been structured to give the private sector the flexibility to use its unique expertise and experience in the dormitory business. In this way it is hoped to achieve better building design, higher operational efficiency, and lower cost. For instance, although the sitings and general facilities requirements have been included (Section C), a particular design has not been specified.

The facilities will be financed, owned, operated, and maintained by the contractor who will in turn lease the facilities to the Government.

The term of each lease through which the Government will rent the BEQ is 20 years, although the land underlying each BEQ is leased to the contractor for 40 years. The contractor will, therefore, be in a position to negotiate a new contract and a continuation of dormitory operations. Section C describes the form of the leases.

Each proposal will be evaluated for its ability to meet the needs of the Navy in terms of facility design and construction, facility operations and maintenance plans, experience of the offeror in the dormitory industry, and room rental rate (Section M). These four factors will be given equal weight in the evaluation. The Contracting Officer will conduct written and oral discussions with offerors who are within a competitive range. Offerors, in turn, will be provided an opportunity to submit revisions, and finally, discussions will be closed with submission of "Best and Final" offers. Proposals must be for both sites and they are due by . Award will be made within 180 calendar days, but not later than . The winning offeror will have 120 days from award to obtain construction and permanent financing. The BEQ is to be completed and ready for occupancy no later than 480 calendar days after contract award.

Each proposal shall be in four parts. Part 1 will be a design and construction proposal, Part 2 an operations and maintenance plan proposal, Part 3 an experience proposal, and Part 4 a cost proposal. Section L provides the detailed requirements for

each of the four parts. Each part is limited in the number of pages that may be submitted to lessen the burden on both the proposer and the evaluator.

The design and construction proposal (Paragraph L-3) will contain information to allow evaluation of the design, construction, furnishings, fixtures and equipment. Full designs are not required, only concepts. In fact, site adaptations of off-the-shelf designs are encouraged. However, the designs must conform to the specifications in Section C.

The operations and maintenance proposal (Paragraph L-4) will provide information on how the proposer intends to operate and maintain the facilities. The maintenance plan is particularly important because if it is not followed and maintenance goes undone, the lease payments will be reduced accordingly (Paragraph H-2).

The experience proposal (Paragraph L-5) will provide information on the proposer's experience in building, operating, and maintaining dormitories and similar facilities. It will contain references from previous construction projects and details of the extent of the proposer's involvement in the dormitory industry. The Navy will make site visits or use other means to substantiate experience.

The cost proposal (Paragraph L-6) is the proposed initial annual rent for the facility, and the maximum annual increase related to the state's CPI index. Paragraph H-2 describes how these rates may be increased *periodically to allow for inflation*.

The four-part proposal must be accompanied by a Bid Bond of \$500,000 (Paragraph H-6). Additionally, a Construction Performance Bond will be required from the successful offeror (Paragraph H-7). Administrative information such as where to submit the proposal, late submission, and the number of copies required is provided in Section L.

We appreciate your interest in this project and any questions about it should be addressed at the preproposal conference to be held on _____ at Southern Division, Naval Facilities Engineering Command, Charleston, South Carolina.

SECTION A

SOLICITATION/CONTRACT FORM

SOLICITATION, OFFER AND AWARD		1. CERTIFIED FOR NATIONAL DEFENSE UNDER DDSA REG. 7 AND/OR DMS REG. 1		PAYING		PAGE OF	
2. CONTRACT NO.		3. SOLICITATION NO.		4. TYPE OF SOLICITATION		5. DATE ISSUED	
				<input type="checkbox"/> ADVERTISED (IFB) <input type="checkbox"/> NEGOTIATED (RFP)		6. REGISTRATION/PURCHASE NO.	
7. ISSUED BY		CODE		8. ADDRESS OFFER TO (If other than Item 7)			
NOTE: In advertised solicitations "offer" and "offeror" mean "bid" and "bidder".							
SOLICITATION							
9. Sealed offers in original and _____ copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand-carried, in the depository listed in _____ until _____ (Month) _____ (Day) _____ (Time)							
CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section I, Provision No. 52.214-7 or 52.215-10. All offers are subject to all terms and conditions contained in this solicitation.							
10. FOR INFORMATION CALL		A. NAME		B. TELEPHONE NO. (Include area code) (NO COLLECT CALLS)			
11. TABLE OF CONTENTS							
(V)	SEC.	DESCRIPTION		PAGE(S)	(V)	SEC.	DESCRIPTION
PART I - THE SCHEDULE					PART II - CONTRACT CLAUSES		
	A	SOLICITATION/CONTRACT FORM				I	CONTRACT CLAUSES
	B	SUPPLIES OR SERVICES AND PRICES/COSTS			PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.		
	C	DESCRIPTION/SPEC./WORK STATEMENT				J	LIST OF ATTACHMENTS
	D	PACKAGING AND MARKING			PART IV - REPRESENTATIONS AND INSTRUCTIONS		
	E	INSPECTION AND ACCEPTANCE				K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS
	F	DELIVERIES OR PERFORMANCE				L	INSTRS. COND. AND NOTICES TO OFFER
	G	CONTRACT ADMINISTRATION DATA				M	EVALUATION FACTORS FOR AWARD
	H	SPECIAL CONTRACT REQUIREMENTS					
OFFER (Must be fully completed by offeror)							
NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Assistance Period.							
12. In compliance with the above, the undersigned agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.							
13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52.232-8)		14 CALENDAR DAYS		%	15 CALENDAR DAYS		%
14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offers and related documents numbered and dated: _____)		AMENDMENT NO.		DATE	AMENDMENT NO.		DATE
15A. NAME AND ADDRESS OF OFFEROR		CODE		FACILITY		15. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)	
15B. TELEPHONE NO. (Include area code)		15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE		17. SIGNATURE		16. OFFER DATE	
AWARD (To be completed by Government)							
18. ACCEPTED AS TO ITEMS NUMBERED		19. AMOUNT		20. ACCOUNTING AND APPROPRIATION			
22. SUBMIT INVOICES TO ADDRESS SHOWN IN (If copies unless otherwise specified)		ITEM		23. NEGOTIATED PURSUANT TO			
				<input type="checkbox"/> 10 U.S.C. 2304(a) () <input type="checkbox"/> 41 U.S.C. 252(c) ()			
24. ADMINISTERED BY (If other than Item 7)		CODE		25. PAYMENT WILL BE MADE BY			
				CODE			
26. NAME OF CONTRACTING OFFICER (Type or print)		27. UNITED STATES OF AMERICA		28. AWARD DATE			
(Signature of Contracting Officer)							
IMPORTANT - Award will be made on this Form, or on Standard Form 28, or by other authorized official written notice.							

NSN 7540-01-152-8064
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STANDARD FORM 33 (REV. 10-63)
Prescribed by GSA
FAR (48 CFR) 53.214(c)

SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS

This section is to be completed by the offeror after reading the entire request for proposals and will be submitted as a part of the offeror's proposal.

<u>CLIN</u>	<u>Item Description</u>	<u>Price/Rate</u>
0001	Lease of Bachelor Enlisted Quarters at NAS Jacksonville, Florida (Base Year)	\$ _____
0002	First year escalation as percentage of State CPI	_____ %
0003	Second year escalation as percentage of State CPI	_____ %
0004	Third year escalation as percentage of State CPI	_____ %
0005	Fourth year escalation as percentage of State CPI	_____ %
0006	Fifth year escalation as percentage of State CPI	_____ %
0007	Sixth year escalation as percentage of State CPI	_____ %
0008	Seventh year escalation as percentage of State CPI	_____ %
0009	Eighth year escalation as percentage of State CPI	_____ %
0010	Ninth year escalation as percentage of State CPI	_____ %
0011	Tenth year escalation as percentage of State CPI	_____ %

<u>CLIN</u>	<u>Item Description</u>	<u>Price/Rate</u>
0012	Eleventh year escalation as percentage of State CPI	_____ %
0013	Twelfth year escalation as percentage of State CPI	_____ %
0014	Thirteenth year escalation as percentage of State CPI	_____ %
0015	Fourteenth year escalation as percentage of State CPI	_____ %
0016	Fifteenth year escalation as percentage of State CPI	_____ %
0017	Sixteenth year escalation as percentage of State CPI	_____ %
0018	Seventeenth year escalation as percentage of State CPI	_____ %
0019	Eighteenth year escalation as percentage of State CPI	_____ %
0020	Nineteenth year escalation as percentage of State CPI	_____ %
0021	Twenty-first year escalation as percentage of State CPI	_____ %
0022	Twenty-second year escalation as percentage of State CPI	_____ %
0023	Twenty-third year escalation as percentage of State CPI	_____ %
0024	Twenty-fourth year escalation as percentage of State CPI	_____ %
0025	Twenty-fifth year escalation as percentage of State CPI	_____ %
0026	Twenty-sixth year escalation as percentage of State CPI	_____ %

<u>CLIN</u>	<u>Item Description</u>	<u>Price/Rate</u>
0027	Twenty-seventh year escalation as percentage of State CPI	_____ %
0028	Twenty-eighth year escalation as percentage of State CPI	_____ %
0029	Twenty-ninth year escalation as percentage of State CPI	_____ %
0030	Thirtieth year escalation as percentage of State CPI	_____ %
0031	Thirty-first year escalation as percentage of State CPI	_____ %
0032	Thirty-second year escalation as percentage of State CPI	_____ %

SECTION C

DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

C-1 Description of Leases

a. Leases

Proposals are solicited for the design, construction, ownership, operation and maintenance of a permanent party Bachelor Enlisted Quarters (BEQ) building to be located at the Naval Air Station (NAS), Jacksonville, Florida. The United States Government, Department of the Navy, will grant an exclusive lease of the land to the contractor for a period of 40 years (plus construction time), and will lease the BEQ from the contractor for 20 years.

b. Locations

The BEQ will be located within NAS Jacksonville, Florida on Federal land. A building site has been established. Attachment 1 contains a site description for the Jacksonville BEQ and indicates points of access and areas available for construction staging and lay down.

c. Authority

The legislative authority for the proposed facility lease is Section 2809, and Section 2667 for the proposed land lease, of United States Code Title 10. Notification to Congress as to the cost effectiveness of the Government lease will be required prior to award.

d. Term

The term of the Government's lease of the BEQ facility from the contractor shall be 20 years, the maximum lease period allowed under Section 2809, Title 10, USC. The lease for the BEQ shall be 20 years from the date the Government certifies the structure to be occupiable. The term of the contractor's lease for the parcel of land will be equal to 40 years plus the time required to design and construct a BEQ certified as occupiable by the Government.

e. Form of the Lease and Rental Agreements

Each proposing developer will execute and submit with its proposal the Lease and Rental Agreements provided as Attachment _____. The Government will execute the lease at the time of award, and the Rental Agreement upon acceptance of the facility. The successful developer's operations and

maintenance plan, design and construction plan, and construction schedule will be incorporated into the lease as EXHIBITS ____, ____, and ____.

The agreements will be subject to any existing and/or future easements in accordance with Article ____ of the lease agreement for electric power transmission lines, telephone or telegraph lines, water, gas, gasoline, oil, or sewer pipelines, or other facilities located on the property covered by the agreements.

f. First Right of Refusal on Additional Privately Owned Berthing Facilities on the Installation

Provided that the developer has performed to the satisfaction of the Government, the developer will, during the term of the Rental Agreement be given a first right of refusal on any plans to increase the number of privately owned bachelor officer or enlisted quarters at NAS Jacksonville. The Government offers no guarantee of how many, if any, additional on-base privately owned and operated BEQ facilities will be constructed beyond the 180-module BEQ in this RFP.

g. Continuing Operations Beyond the Twenty-Year Term

Under the authorizing legislation for this contract, the Government may not enter into an agreement to lease the contractor's facilities for more than 20 years. However, the parcels of land on which the facilities are built will be leased to the contractor for 40 years. The developer will, therefore, be in a position to negotiate another contract to continue BEQ operations for another term. The land leases will contain conditions that will prevent the contractor from renting the facility to other than the users discussed in Paragraph H-5. Although no contractual guarantees can be given at this time, it is foreseeable that the Government will still have need of BEQs and will be willing to enter into another contract to rent rooms in the facilities.

C-2 Specifications

a. Facility

The facility provided shall be a dormitory suitable for permanent party enlisted personnel and constructed at the site described in Attachment 1. It shall include paved parking of at least one space for every three beds, landscaping to property lines, and metered utility runs to join existing base utilities. Utility costs to the developer, availabilities, and points of connection are described in Attachments ____, ____, and _____. The developer is free to procure utilities from any source, but must coordinate delivery, as required,

with NAS Jacksonville, within easements or access corridors designated in Attachment ____.

(1) Quality and standard of construction shall be defined by Marshall Commercial Service classifications for hotels, and shall be at least Class B, Average. Special attention shall be given to providing acoustical privacy from room to room and from room to the outside.

(2) The size of the NAS Jacksonville dormitory shall be 180 modules (360 rooms). A connecting bathroom shall be provided for every two rooms.

(3) The facility shall include:

- A lobby and front desk, to be staffed on a ____ hour per day, 7 days per week basis, and is to include provisions for receipt, holding, and distribution of mail.
- A laundry room equipped with a sufficient number of washers and dryers for the use of BEQ occupants at no cost.
- At least one communal lounge area for the use of BEQ occupants.
- A communal kitchen area equipped with at least a microwave oven, an ice machine, and adequate space for sandwich, snack, and soft drink vending machines. Vending machines will be provided and maintained under a separate agreement with NAS Jacksonville. Revenues from these vending machines is not to be included as anticipated income to the developer.

(4) Other amenities contributing to the desirability of the facilities, or to the occupants' quality of life, such as, but not limited to, a swimming pool, a weight room, sauna, or breakfast bar are not required, but may be provided, especially if they are already part of a standard or off-the-shelf design. If these additional amenities are revenue-producing, such as a breakfast bar, the developer may retain this income.

(5) The size of rooms shall be at least 180 net square feet excluding bathrooms, dressing area and lavatories.

(6) The exterior designs of the BEQs shall be generally compatible with the base's exterior architectural plan described in Attachment ____.

b. Codes, Standards and Requirements

(1) The facility shall meet all local and state environmental protection standards and requirements, as well as complying with the National Environmental Protection Act (NEPA) requirements (see Attachment ____).

(2) **General Life Safety Compliance.** Design and construction shall conform to the building laws of the local jurisdiction and the standards and criteria specified herein applicable at the time proposals are required to be submitted. In the event of conflict or inconsistency between the standards and local codes, those which are more restrictive will govern. Any provisions of the local codes relating to requirements for obtaining state and/or local inspections or permits are applicable. Responsibility for obtaining all permits and licenses and for complying with local, county, and state codes or regulations is solely that of the contractor.

(3) **OSHA Criteria.** The contractor agrees to comply with the Occupational Safety and Health Administration (OSHA) safety and health standards which are located in Title 29 of the Code of Federal Regulations (29 CFR).

(4) **Physical Handicapped Criteria.** The contractor agrees to comply with the "Uniform Accessibility Standards" which are located in the Federal Register, Volume 49, Number 153 of August 7, 1984, as amended by 51 FR 18647 of May 21, 1986.

(5) **Specific Applicable Criteria.** Facilities shall comply as a minimum with the following codes and standards:

- **American Society for Testing and Materials (ASTM)**

- ASTM E-84 (1986) – Standard Test Method for Surface Burning Characteristics of Building Materials

- ASTM E-336 (1984) – Measurement of Airborne Sound Insulation in Buildings, Test Method for

- ASTM C-423 (1984) – Sound Absorption and Sound Absorption Co-Efficients by the Reverberation Room Method, Test Method for

- **American National Standards Institute (ANSI)**

- ANSI A 17.1 (1984) – Safety Code for Elevators and Escalators

- ANSI C2-84 – National Electrical Safety Code

- **American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)**

- ASHRAE Standard 90-A (1980) – Energy Conservation in New Building Design

- National Fire Protection Association (NFPA)
 - NFPA 10 – Standard for Portable Fire Extinguishers
 - NFPA 13 – Standard for Installation of Sprinkler Systems
 - NFPA 14 – Standard for Standpipes and Hose Systems
 - NFPA 24 – Private Fire Service Mains and Appurtenances
 - NFPA 70 – National Electric Code (1987)
 - NFPA 101 – Code for Safety to Life from Fire in Building and Structures (1985)
 - NFPA 1221 – Public Fire Service Communications (1984)
- Basic/National Building Code (BOCA), 1987
- Uniform Plumbing Code (Library of Congress 75-38039), 1979 Edition

c. Furnishings and Equipment

- (1) The quality and standard of dormitory furnishings and equipment shall be midscale and equivalent to that found in midpriced hotels, in accordance with accepted industry standards.
- (2) Room furnishings and equipment shall include at least two twin-sized beds, a writing desk with lamp and chair, a mirror, a color television, an alarm clock, a telephone, and adequate storage for the occupants belongings in a bureau and closet or wardrobe. All rooms shall be wired for telephone service and cable television. Proposals not including the required furnishings and equipment will be returned as nonresponsive.
- (3) Enhanced or premium telephone or television service may be provided as an "other amenity," as described in Paragraph C-2.a(4).

d. Facility Maintenance

The contractor shall keep the facilities and sites maintained and in good repair. Repairs and maintenance shall be performed in a timely manner and in compliance with the contractor's maintenance plan.

e. Operations and Management

- (1) The intent of this contract is to make available a high quality and professionally managed privately owned and operated BEQ to permanent party bachelor enlisted personnel (Grades E1 – E4) assigned to NAS

Jacksonville at rates affordable to such personnel and at minimum cost to the Government.

(2) The developer will provide spaces and facilities to accommodate the following lodging operations: 0800 – 1700 hour check-in, 7 days per week; daily custodial service for common use areas; 360 double occupancy rooms with 180 baths at NAS Jacksonville.

(3) The facilities will not include restaurant and/or beverage-lounge facilities. However, this does not rule out the possibility of future modifications to the agreements, mutually agreeable to both the Government and the contractor, for such facilities. Moreover, the developer is authorized to include a breakfast bar in accordance with Paragraph C-2.a(4).

(4) The developer will provide, at each location, on-site, professional management and other personnel necessary to provide the herein-described services and facilities.

(5) Coordination with the bachelor quarters officer at the installation will be required to ensure referral of enlisted personnel and maximum occupancy of the BEQ facility. Enlisted personnel (Grades E1 – E4) will not be assigned to other Government BEQs until 360 rooms in the contractor's BEQ have been filled.

(6) Security and fire protection will be provided by the host installation; however, the contractor will be required to conform with Life Safety Requirements, described in Paragraph C-2.b, at all times during the lease term. Liability of the Government will be in accordance with the provisions of the Federal Tax Claims Act, and subject to Congressional funding.

(7) The developer shall maintain a system of accounts consistent with industry accounting practices for the BEQ facility; the accounts of the BEQ will be subject to audit by the Government contracting officer.

(8) All utility services, meters, and connection costs will be paid for by the developer. Attachment ____ to this RFP lists current utility costs and Attachment ____ shows the location of utility connections. The developer is responsible for confirming, as necessary, the accuracy of location and adequacy of service needed to prepare his proposal. The developer is not required to use any utility or service provided by the Navy.

(9) Rules, regulations, and directives that are in effect or are issued during the contract term by the Department of the Navy and subordinate commands under their responsibility for law, order, administration, or security on the installation shall be applicable to all contractor personnel or representatives who enter the installation. These requirements

include, but are not limited to, vehicle registration, maintenance of good order and discipline, security checks, control of drugs and alcohol, and building signage.

- (10) The developer shall, at its own expense, provide and maintain during the entire performance period of this contract at least the kinds and minimum amounts of insurance listed below:

<u>Type of Insurance</u>	<u>Per Person</u>	<u>Per Accident</u>	<u>Property</u>
Comprehensive General Liability	300,000	1,000,000	100,000
Automobile Liability	300,000	1,000,000	100,000
Workmen's Comp.	As Required		

Other as required by state law.

Other insurance requirements include: listing the United States Government as an additional insured in all policies affecting the project; indicating that the developer saves and holds harmless the United States Government from all liability and costs resulting from its operations under this contract; and listing the Department of the Navy, Southern Division, Naval Facilities Engineering Command as the certificate holder. Policies may not be canceled without adequate substitution before cancellation. Furnish two copies of insurance certificates.

SECTION D
PACKAGING AND MARKING

This section not applicable to this contract.

SECTION E

INSPECTIONS AND ACCEPTANCE

E-1 Construction Inspections

The developer or authorized agent shall obtain all applicable plan reviews and inspection services from local building officials and/or professionals licensed to provide those services. The Contracting Officer, at his discretion, may request the contractor to obtain inspections in addition to those required by local building officials if the Contracting Officer observes that construction is not consistent with local building codes or industry standards. The Government will conduct a final acceptance inspection of the BEQ after build-out and upon receipt of an occupancy permit. Government monitoring and acceptance shall not relieve the contractor of its responsibilities to construct the facilities in accordance with the provision of this contract and to obtain all required permits and approvals.

E-2 Acceptance

a. Upon completion of the facility, the developer shall provide written notification to the Contracting Officer or his representative. The notification shall be accompanied by an occupancy permit issued by the appropriate local Government agency. A joint physical survey and inspection report of each part of the work to be accepted by the Government shall be made prior to initial occupancy, reflecting the then physical condition. Upon determination by the Government's representative that such facilities are in compliance with the terms and provisions of this lease contract, the Government will issue a Certificate of Acceptance.

b. Deficiencies. Should the facilities not be in compliance with this contract, a list of deficiencies will be made by the Government and promptly given to the developer. The developer shall promptly correct such deficiencies before the Government issues a Certificate of Acceptance and the space is occupied.

E-3 Facility Inspections

a. Government Inspections. Contractor shall allow Government inspection at any time. These inspections may include investigation of customer complaints, health and fire hazard inspections, visits to ensure lease compliance, and inspections of the military occupants.

b. Local Inspections. The developer shall allow local authorities to conduct such inspections as required to assure compliance with health and sanitation

standards, and to maintain all appropriate occupancy and use certificates or permits.

c. Resident Evaluation. Developer shall provide each guest, before checkout, a customer evaluation form which follows the example shown in Attachment _____. The customer shall be given the opportunity to complete this form and forward it to the Billeting Officer.

SECTION F

DELIVERIES AND PERFORMANCE

F-1 Obtaining Financing

To enable the Government to evaluate the developer's financial capability, the following information must be provided in the proposal:

- The completed Financial Information Form, Attachment ____.
- The statements of the financial capability of each principal, partner, or co-venturer participating in the development, as described in Paragraph ____.

If the developer's proposal requires participation of an institutional investor or lender, a statement from the institution describing the nature, amount, terms, and conditions of its involvement, and affirming its commitment to the project shall also be provided. This initial commitment may be preliminary or conditional in nature, indicating a range or index of possible rates.

The selected developer will be required to furnish a second, firm commitment of financing to the Contracting Officer within 30 calendar days of award of the lease. Notwithstanding, fault or lack of fault by the developer, if the developer is unable to provide the Government with satisfactory evidence of financing capability within the 30-day period, said failure shall constitute a default on the part of the developer. The Government at its option may terminate the lease at no cost to the Government, exercise rights under the bonds provided, and proceed under this solicitation to select another developer from the remaining offerors.

The Government recognizes that the financial institution (or other lenders) may require a lien to be placed on the facility in order to secure the loan. The Government agrees to such a lien but in the event of foreclosure, the lender(s) shall have the right to operate the BEQ in accordance with this agreement with the Contracting Officer's prior written consent, which will not be unreasonably withheld. Any further assignment by the secured party will be subject to the same conditions stated in this paragraph.

F-2 Construction Time Constraints

The contractor shall complete the BEQ ready for use not later than 480 calendar days after contract award. The developer shall include in its proposal a schedule detailing the major milestones and dates required to provide occupiable facilities within this timeframe. This schedule will be incorporated into the lease agreement as EXHIBIT ____.

F-3 Liquidated Damages for Construction

- a. If the contractor fails to complete the work within the time specified in the contract, or any extension, the contractor shall pay to the Government as liquidated damages, the sum of \$1,080.00 for each day of delay.
- b. If the Government terminates the contractor's right to proceed, the resulting damage will consist of liquidated damages until such reasonable time as may be required for final completion of the work together with any increased costs occasioned by the Government in completing the work.
- c. If the Government does not terminate the contractor's right to proceed, the resulting damage will consist of liquidated damages until the work is completed or accepted.

SECTION G
CONTRACT ADMINISTRATION DATA

G-1 Accounting and appropriation data for this contract is as follows:

G-2 Contract administration for the contract resulting from this solicitation:

Southern Division
Naval Facilities Engineering Command
2155 Eagle Drive, P.O. Box 10068
Charleston, South Carolina 29411-0068

G-3 Contracting Officer's Representative

The Contracting Officer's Representatives for this contract are:

Resident Officer in Charge
Naval Facilities Engineering Command Contracts
Naval Air Station
Jacksonville, Florida 32212

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H-1 Lease Payment Determination

a. The lease payment shall change not more than once per year during the 20-year lease term, the increase being no more than the percentage increase in the Consumer Price Index (CPI) for the State of Florida, and only after a request has been submitted in writing to the Contracting Officer at least 60 days prior to the effective date of such change.

b. Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) rates paid to permanent party enlisted personnel (Grades E1 – E4) are listed below. These are the amounts that military personnel are paid for housing expenses. They are provided for information only.

<u>PAY GRADE</u>	<u>BAQ</u>	<u>VHA</u>
E-1	\$141.60	\$100.27
E-2	155.40	83.97
E-3	183.00	74.34
E-4	188.40	80.11

H-2 Maintenance

Facilities or portions of facilities not available for rent due to routine maintenance or not maintained and kept in good repair in accordance with the contractor's maintenance plan may be determined by the Government to be unoccupiable. The module or modules in those areas declared unoccupiable will remain unoccupied until satisfactory completion of the repairs or maintenance. An example would be overdue repairs to hallways or lounge causing the modules on that floor or in that wing to be classified as unoccupiable. The lease payment for the current period will be reduced by the sum of the unoccupiable modules nights of all rooms classified as unoccupiable.

H-3 Disposition of Lessor's Improvements

a. Upon expiration, termination, abandonment, or revocation on any of these leases, the Government may (1) purchase the improvements if then authorized and funded by law, (2) require the contractor to remove all improvements and restore the property to its original condition, (3) require the lessor to transfer its

rights under the leases and convey its improvements to a successor lessor at a fair value, or (4) a combination of all three. Specific information is contained in the Contract Clauses titled Termination for Convenience of the Government and Termination for Default. A summary of the four Government options follows:

- Government purchase: Under this option, the Government would purchase the contractor's BEQ at a fair market value established by the Government. This option is dependent on the funds being authorized and appropriated by the Congress. The contractor will be afforded the opportunity to terminate its lease on the underlying land since it would then have no economic value.
- Demolition: Under this option, the contractor would be required to demolish the BEQ and restore the site to its original condition at its own expense. Although it is a requirement to place this option in the contract, there are no known examples of this option being exercised.
- Abandonment: This option simply requires the contractor to abandon the property. Note that in the unlikely event that the base is closed, the contractor will have first option to purchase the land being leased from the Government.
- Transfer of leases: Under this option, the Government would require the contractor to transfer the property and rights of the leases to another party. Transfer would be at a fair value assessed by an independent appraiser.

b. At the normal expiration of the 20-year BEQ lease, it is probable that the Government will have a continuing need for BEQ space. The Government may therefore wish to negotiate with the contractor to renew the lease for its BEQ or to initiate a concession or other form of contract, provided funds are available. If negotiations are not successful, then options one or three above may be exercised.

H-4 Bid Guaranty

To assure the execution of the contract and the performance bond, each offeror shall submit with its bid a guaranty bond (Standard Form 24) executed by a surety company holding a certificate of authority from the Secretary of the Treasury as an acceptable surety, or other security as provided in Paragraph L-7.16 of the Instructions to Offerors. Security shall be in the sum of \$500,000. The bid guaranty shall be accompanied by a verifax or other facsimile copy of the agent's authority to sign bonds for the surety company.

H-5 Construction Bond

Within ten (10) days after award of the contract, the contractor will be required to furnish two (2) copies of a construction performance bond (Standard Form 25), with good, sufficient, and acceptable sureties, to be in effect until the construction phase of the contract is complete. This bond will be furnished prior to the commencement of contract performance. The penal sum of the bond shall equal 100 percent (100%) of the contractor's cost of construction.

SECTION I
CONTRACT CLAUSES

See Attachment ____ for Special and General Provisions.

SECTION J
LIST OF ATTACHMENTS

1. Site Description, Drawings, and Soils Analyses
2. Utilities Cost Data
3. Customer Evaluation Form
4. Base Exterior Architectural Plans
5. Other Authorized Users List
6. Standard Form 1411, Contract Pricing Proposal Cover Sheet
7. Standard Form 24, Bid Bond
8. Standard Form 25, Performance Bond
9. Standard Form 25A, Payment Bond
10. Sample Lease

SECTION K
REPRESENTATIONS AND CERTIFICATIONS
(Acquisition of Leasehold Interests in Real Property)

Solicitation Reference Number:

Name and Address of Offeror:

DUNS Number:

Date of Offer:

The bidder makes the following representations and certifications, by placing a check in the appropriate spaces or otherwise as appropriate, as part of the bid identified above. (In negotiated procurements, "bid" and "bidder" shall mean "offer" and "offeror.") A completed REPRESENTATIONS AND CERTIFICATIONS is to be returned with the bid.

1. SMALL BUSINESS CONCERN REPRESENTATION (APR 1984).

The offeror represents and certifies as part of its offer that it ☐ is, ☐ is not a small business concern and that ☐ all, ☐ not all supplies to be furnished will be manufactured or produced by a small business concern in the United States, its possessions, or Puerto Rico. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the size standards in this solicitation. (FAR 52.219-1)

2. CONTINGENT FEE REPRESENTATION AND AGREEMENT (APR 1984).

(a) Representation. The offeror represents that, except for full-time bona fide employees working solely for the offeror, the offeror:

[Note: The offeror must check the appropriate boxes. For interpretation of the representation, including the term "bona fide employee," see Subpart 3.4 of the Federal Acquisition Regulation.]

(1) ☐ has, ☐ has not employed or retained any person or company to solicit or obtain this contract; and

(2) ☐ has, ☐ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) Agreement. The offeror agrees to provide information relating to the above Representation as requested by the Contracting Officer and, when subparagraph (a)(1) or (a)(2) is answered affirmatively, to promptly submit to the Contracting Officer:

(1) A completed Standard Form 119, Statement of Contingent or Other Fees, (SF 119); or

(2) A signed statement indicating that the SF 119 was previously submitted to the same contracting office, including the date and applicable solicitation of contract number, and representing that the prior SF 119 applies to this offer or quotation. (FAR 52.203-4)

3. TYPE OF BUSINESS ORGANIZATION (APR 1984).

The offeror or quoter, by checking the applicable box, represents that it operates as ☐ a corporation incorporated under the laws of the State of _____, ☐ an individual, ☐ a partnership, ☐ a nonprofit organization, or ☐ a joint venture. (FAR 52.215-6)

4. CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (APR 1985).

(a) The offeror certifies that:

(1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to (i) those prices, (ii) the intention to submit an offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a formally advertised solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above

[insert full name of person(s) in the offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the offeror's organization];

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the offeror deletes or modifies subparagraph (a)(2) above, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure. (FAR 52.203-2)

5. PARENT COMPANY AND IDENTIFYING DATA (APR 1984).

(a) A "parent" company, for the purpose of this provision, is one that owns or controls the activities and basic business policies of the bidder. To own the bidding company means that the parent company must own more than 50 percent of the voting rights in that company. A company may control a bidder as a parent even though not meeting the requirement for such ownership if the parent company is able to formulate, determine, or veto basic policy decisions of the offeror through the use of dominant minority voting rights, use of proxy voting, or otherwise.

(b) The bidder ☐ is, ☐ is not [check applicable box] owned or controlled by a parent company.

(c) If the bidder checked "is" in paragraph (b) above, it shall provide the following information:

Name and Main Office Address
of Parent Company (Include
Zip Code)

Parent Company's Employer's
Identification Number

(d) If the bidder checked "is no" in paragraph (b) above, it shall insert its own Employer's Identification Number on the following line: _____.
(FAR 52.214-8)

6. CERTIFICATION OF NONSEGREGATED FACILITIES (APR 1984)

(Applies when the amount of the contract is in excess of \$10,000.)

(a) "Segregated facilities," as used in this provision, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise.

(b) By the submission of this offer, the offeror certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in the contract.

(c) The offeror further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will:

- (1) Obtain identical certifications from proposed subcontractors before the award of subcontracts under which the subcontractor will be subject to the Equal Opportunity clause;
- (2) Retain the certifications in the files; and

- (3) Forward the following notice to the proposed subcontractors (except if the proposed subcontractors have submitted identical certifications for specific time periods):

**NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT
FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES.**

A Certification of Nonsegregated Facilities must be submitted before the award of a subcontract under which the subcontractor will be subject to the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001. (FAR 52.222-21)

7. CLEAN AIR AND WATER CERTIFICATION (APR 1984).

The offeror certifies that:

(a) Any facility to be used in the performance of this proposed contract ☐ is, ☐ is not listed on the Environmental Protection Agency List of Violating Facilities;

(b) The offeror will immediately notify the Contracting Officer, before award, of the receipt of any communication from the Administrator, or a designee, of the Environmental Protection Agency, indicating that any facility that the offeror proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and

(c) The offeror will include a certification substantially the same as this certification, including this paragraph (c), in every nonexempt subcontract. (FAR 52.223-1)

8. SMALL DISADVANTAGED BUSINESS CONCERN REPRESENTATION (APR 1984).

(a) Representation. The offeror represents that it ☐ is, ☐ is not a small disadvantaged business concern.

(b) Definitions.

(1) "Asian-Indian American," as used in this provision, means a United States citizen whose origins are in India, Pakistan, or Bangladesh.

(2) "Asian-Pacific American," as used in this provision, means a United States citizen whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands, the Northern Mariana Islands, Cambodia, or Taiwan.

(3) "Native Americans," as used in this provision, means American Indians, Eskimos, Aleuts, and native Hawaiians.

(4) "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(5) "Small disadvantaged business concern," as used in this provision, means a small business concern that (1) is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51 percent of its stock owned by one or more socially and economically disadvantaged individuals and (2) has its management and daily business controlled by one or more such individuals.

(c) Qualified groups. The offeror shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, and other individuals found to be qualified by the SBA under 13 CFR 124.1. (FAR 52.219-2)

9. WOMEN-OWNED SMALL BUSINESS REPRESENTATION (APR 1984)

(a) Representation. The offeror represents that it ☐ is, ☐ is not a women-owned small business concern.

(b) Definitions.

(1) "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(2) "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business. (FAR 52.219-3)

10. DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER REPORTING (APR 1984)

In the block with its name and address, the offeror should supply the Data Universal Numbering System (DUNS) Number applicable to that name and address. The DUNS Number should be preceded by "DUNS:". If the offeror does not have a DUNS Number, it may obtain one from any Dun and Bradstreet branch office. No

offeror should delay the submission of its offer pending receipt of its DUNS Number.
(DFARS 52.204-7004)

11. PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (APR 1984).

The offeror represents that:

(a) It ☐ has, ☐ has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation, the clause originally contained in Section 310 of Executive Order No. 11114;

(b) It ☐ has, ☐ has not filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.
(FAR 52.222-22)

12. HANDICAPPED ORGANIZATIONS (SEP 1981).

The offeror certifies that it ☐ is, ☐ is not an organization eligible for assistance under section 7(h) of the Small Business Act (15 USC 636). An offeror certifying in the affirmative is eligible to participate in any resultant contracts hereunder or any part thereof as if he were a small business concern as elsewhere defined in the solicitation. An organization to be eligible under section 7(h) of the Small Business Act must be one (i) organized under the laws of the United States or any state; (ii) operated in the interest of handicapped individuals; (iii) the net income of which does not inure in whole or part to the benefit of any shareholder or other individual; (iv) that complies with any applicable occupational health and safety standard prescribed by the Secretary of Labor; (v) that, during the fiscal year in which it bids upon a set-aside, employs handicapped individuals for not less than 75 percent of the manhours required for the production or provision of commodities or services; and (vi) that can qualify under the additional criteria prescribed in Section 118.11, SBA Rules and Regulations, 13 CFR 118.11. For purposes of this clause, the term "handicapped individual" means a person who has a physical, mental, or emotional impairment, defect, ailment, disease, or disability of a permanent nature which in any way limits the selection of any type of employment for which the person would otherwise be qualified or qualifiable. (DAR 7-2003.91)

13. AUTHORIZED NEGOTIATORS (APR 1984).

The offeror or quoter represents that the following persons are authorized to negotiate on its behalf with the Government in connection with this request for proposals or quotations [list names, title, and telephone numbers of the authorized negotiators.] (FAR 52.215-11)

NOTE: Bids must set forth full, accurate and complete information as required by this invitation for bids (including attachments). The penalty for making false statements is prescribed in 18 U.S.C. 1001.

A completed REPRESENTATIONS AND CERTIFICATIONS is to be returned with the bid.

SECTION L
INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFEROR

L-1 Solicitation, Offer and Award

Proposals in the format described in this section will be due at the time and place set forth in Standard Form 33, Solicitation, Offer and Award. It is anticipated that award will be made within 180 calendar days, but not later than _____.
NOTE: THE GOVERNMENT MAY AWARD A CONTRACT AT ANY POINT AFTER RECEIPT OF THE INITIAL PROPOSALS WITHOUT DISCUSSIONS. THEREFORE, EACH PROPOSAL SHOULD CONTAIN THE OFFEROR'S BEST TERMS FROM ALL STANDPOINTS.

L-2 Submission of Proposals

Seven (7) copies of the proposal are required. The size of some portions of the proposal is restricted as follows: Facility Design and Construction – forty (40) pages excluding plans, drawings, and illustrations; Facility Operations and Maintenance Plans – forty (40) pages; Offeror Hotel Qualifications – thirty-five (35) pages. Pages will be a standard $8\frac{1}{2} \times 11$ inches and type size will be no smaller than one tenth of an inch in twelve pitch. Proposals are to be typed double-spaced. Proposals shall be submitted in four (4) separate and detachable parts, as indicated in the following paragraphs to enable independent review of each part. **PROPOSALS CONTAINING MORE THAN THE ALLOWABLE NUMBER OF PAGES IN THE ABOVE-LISTED SECTIONS WILL BE RETURNED AS NONRESPONSIVE.**

L-3 Facility Design and Construction (Part 1)

This part of the proposal shall consist of narrative and supporting data to address the design and construction of the facility. Previously built and operated "off-the shelf" facility designs and operating packages are desired. Construction Specification Institute (CSI) format is preferred for all engineering construction data. Scaled drawings shall be provided. Artistic renderings are desirable for clarification.
NOTE: THIS SECTION WILL BE INCORPORATED INTO THE LEASE AS EXHIBIT ____ AND WILL BE USED AS THE BASIS FOR EVALUATION OF THE DEVELOPER. This part shall be limited to forty (40) pages, excluding plans, drawings, and illustrations, and shall contain the following elements:

- a. **Site Adaptation:** Indicate how the design would relate to its surroundings and fit into the overall character of the base. Demonstrate how vehicular and pedestrian traffic would circulate within the site and between the site and its

surroundings. Describe parking and landscaping plans, including choice of materials.

b. Architectural Treatment: Describe how the proposed exterior and interior facility designs respond to this RFP and relate to surrounding buildings and how the exterior designs are generally compatible with the base's exterior architectural plans.

c. Fire Protection: Describe how the proposed facility design addresses all the provisions pertaining to fire protection and life safety.

d. Space Requirements and Relationships: Address the size and arrangements of guest rooms, and public and nonpublic support areas. Present floor plans showing functional relationships, convenience, and logistics. Discuss the arrangements and apportionment of spaces, circulation, integration and segregation of functions, transition between spaces, and indoor/outdoor relationships. Discuss flow of client activities, both within and between areas, and service activities such as deliveries and housekeeping.

e. Construction: Describe the construction approach to each facility, including type of construction and materials to be used for both exterior walls and interior partitions. Include the type of windows and doors and describe interior finishes (walls, floors, and ceilings) to be used in guest rooms and communal areas. Specify types of elevators and other conveying systems, and insulation types together with anticipated energy consumption levels in BTUs/SF/year. Specify type of guest-controlled heating and cooling unit in each room. Provide sound transmission coefficients of all walls, ceilings, and floors. Also, describe mechanical and electrical systems.

f. Additional Amenities: Describe the additional amenities, if any, included in the design but not required in the specifications (Section C) of this RFP. Examples of such additional amenities include a weight room, sauna, and breakfast bar. However, proposals will not be penalized if no such additional amenities are included.

g. Include the following plans and drawings:

- (1) Site plan for the facility, including finished (proposed) contours, grading and drainage, storm drainage, landscaping, parking/traffic layout, walkways, lighting, and layout of utility lines below grade.

- (2) Typical room-level floor plan showing the layout of rooms, corridors, and communal areas.

- (3) Floor plans showing layout and locations of the facility's lobby and communal areas not shown in room-level floor plans, such as the guest laundry rooms.

- (4) Detailed individual room plans showing the layout of typical guest rooms including furnishings, mechanical, electrical, and lighting plans.
- (5) Exterior elevations of all sides.
- (6) Typical sections of the facilities.
- h. Provide proposed schedules for design and construction of each facility.
- i. Provide specifications and catalog cuts for furnishings, equipment, and appliances proposed for guest rooms, lobbies, and communal areas. Include appliances such as laundry machines and ice machines.
- j. The offeror must include in its proposal a schedule for design and construction of the BEQ facility, such schedule to represent the contractor's estimate of the time required to provide an occupiable BEQ facility at NAS, Jacksonville. The schedule shall be in sufficient detail to allow reviews of work in the facility and is to include major facilities systems (i.e., structural, architectural finishes, mechanical, electrical, site work, parking facilities, and other supporting facilities).

L-4 Facility Operations and Maintenance Plans (Part 2)

NOTE: THE OPERATIONS AND MAINTENANCE PLANS WILL BE INCORPORATED INTO THE CONTRACT AS EXHIBIT ____ AND WILL BE USED AS THE BASIS FOR DETERMINING DEVELOPER PERFORMANCE. This part is limited to forty (40) pages and shall include the following:

- a. A facility maintenance and repair management plan for the facility. Describe plans to sustain the quality and conditions of facilities, ensure occupant comfort, and maintain the appearance of the facility and grounds. Include procedures for preventive maintenance (including a schedule of routine inspections and servicing of equipment) and grounds maintenance. Describe procedures and response times for emergency repairs (life and safety) and routine repairs, and the anticipated average repair times for each of these categories. Include anticipated equipment and furnishings replacement schedules and also interior and exterior painting schedules. Also include schedules of anticipated major renovations such as roof replacement.
- b. Maintenance Quality Control Program. Describe procedures to maintain performance standards. Indicate how performance standards will be established to comply with the lease and with levels of quality implicit in the offeror's proposal.
- c. Customer Service Program. Describe the services that will be provided to customers, including services provided within individual rooms. Describe linen service, toilet articles, and other special features. Include special services such as enhanced telephone or wake-up service. Indicate how emergency and routine

maintenance calls will be passed to the maintenance staff. Also describe how customer evaluation forms will be handled.

d. Operations Quality Control Program. Describe procedures to maintain performance standards. Indicate how performance standards will be established to comply with the lease and with levels of quality implicit in the offeror's proposal.

L-5 Developer Qualifications (Part 3)

This part is limited to thirty-five (35) pages, exclusive of the Financial Information Forms, and shall include the following:

a. Information to evaluate the overall experience of the proposer with respect to: the administration and operation of a dormitory facility; management of the physical plant and facilities; staffing of trained personnel; the ability to interface and coordinate with patrons and the installation; and the financial capability to operate and maintain the facility. The proposer must be able to demonstrate that planned staffing, personnel policies, corporate management support, and management procedures will be maintained throughout the term of the lease.

b. Previous construction managed. List all jobs underway or completed in the last five (5) years in excess of 1 million and similar to the construction requirements of this RFP in that they are hotels, motels, dormitories, or similar facilities. The format for each job listed is as follows:

- Short description of contract, including contract number, if any
- Location and date begun
- Customer
- Reference contact and telephone number
- Statement of whether or not Contractor Quality Control (CQC) was used
- Type of contract (fixed price, cost plus, etc.)
- Original and actual or current contract amounts
- Original and actual or current construction duration
- Performance rating, if a formal rating was given.

c. Past construction performance. List all jobs underway or completed in the last five (5) years, not listed above, that were given formal performance ratings by Federal, state, or municipal agencies, or private companies. The format is as follows:

- One sentence description of contract, including contract number, if any
- Location and date begun
- Reference contact and telephone number
- Original and actual or current contract amount
- Performance rating received.

For jobs listed in Paragraph L-5.b, above, for which no formal rating was given, the Government will contact the references listed and ask them to rate the performance. Jobs for which no rating can be determined will be assumed to be rated satisfactory.

d. Resumes of all general partners, owners, corporate officers, and members of the development team, to include, but not be limited to, developer, architect, general contractor and management agent;

e. Description of the organization, operational controls and technical skills, or the ability to obtain them, necessary to perform the requirements of this RFP;

f. Financial statement indicating financial resources to perform the requirements of this RFP; include conditional commitment of lender funds. Identify any loans upon which the firm or principals have defaulted and any construction/development contract project defaults involving the firm or principals of the firm;

g. Name, address, and telephone number of two or three individuals, including financial, industry, trade and credit references, whom we may contact regarding your past development and experience;

h. Any other information describing the offeror's ability to fulfill the requirements of this RFP.

i. The above information must also be supplied for any partners or owners in partnerships, corporations, or other entities formed subsequent to the submission of the proposal or award of the Lease.

j. Sources and Uses Document (Exhibit A to this Section).

k. Offeror's annual operating expense statement (Exhibit B to this Section).

L-6 Cost Proposal (Part 4)

The cost proposal shall consist of the following:

- a. Standard Form 33, Solicitation, Offer and Award
- b. Standard Form 1411, Contract Pricing Proposal Cover Sheet (Attachment 6)
- c. Offeror's Breakdown of Price (Section B)
- d. Representations and Certifications (Section K)
- e. Standard Form 24, Bid Bond (Attachment 7)

The initial module rate shall be specified in 1988 United States dollars per occupied module night. The initial module rate may be increased once per year at no more than the percentage increase in the State Consumer Price Index (CPI) for Florida. Proposals must contain the proposed proportion of the State CPI increase that will be applied to the prior year's module rate. For example, an offeror may guarantee not to request module rate increases above two-thirds of the State's CPI increase. Such a guarantee would help the offeror during the evaluation of its cost proposal. The offeror shall submit initial module rates and increases by completing and submitting Section B of this RFP.

L-7 Lease/Rental Agreements

Offerors shall submit duly executed Lease and Rental Agreements, Attachments ____ and ____, with its proposal. The Government will execute the lease upon award, and the Rental Agreement upon acceptance of the completed facility.

L-8 Instructions to Offerors (Acquisition of Leasehold Interests in Real Property)

1. SOLICITATION DEFINITIONS (APR 1984)

"Offer" means "proposal" in negotiation.

"Solicitation" means a request for proposals (RFP) or a request for quotations (RFQ) in negotiation. (FAR 52.215-5)

2. UNNECESSARILY ELABORATE PROPOSALS OR QUOTATIONS (APR 1984)

Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective response to this solicitation are not desired and may be construed as an indication of the offeror's or quoter's lack of cost consciousness. Elaborate art work, expensive paper and bindings, and expensive visual or other presentation aids are neither necessary nor wanted. (FAR 52.215-7)

3. ACKNOWLEDGMENT OF AMENDMENTS TO SOLICITATIONS (APR 1984)

Offeror's shall acknowledge receipt of any amendment to this solicitation (a) by signing and returning the amendment; (b) by identifying the amendment number and date in the space provided for this purpose on the form for submitting an offer; or (c) by letter or telegram. The Government must receive the acknowledgement by the time specified for receipt of offers. (FAR 52.215-8)

4. SUBMISSION OF OFFERS (APR 1984)

a. Offers and modifications thereof shall be submitted in sealed envelopes or packages (1) addressed to the office specified in the solicitation and (2) showing the time specified for receipt, the solicitation number, and the name and address of the offeror.

b. Telegraphic offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice, if that notice is received by the time specified for receipt of offers.

c. Item samples, if required, must be submitted within the time specified for receipt of offers. Unless otherwise specified in the solicitation, these samples shall be (1) submitted at no expense to the Government and (2) returned at the sender's request and expense, unless they are destroyed during preaward testing. (FAR 52.215-9)

5. LATE SUBMISSIONS, MODIFICATIONS, AND WITHDRAWALS OF PROPOSALS (APR 1984)

a. Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it

(1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th);

(2) Was sent by mail (or telegram if authorized) and it is determined by the Government that the late receipt was due solely to mishandling by the Government after receipt at the Government installation; or

(3) Is the only proposal received.

b. Any modification of a proposal or quotation, except a modification resulting from the Contracting Officer's request for "best and final" offer, is subject to the same conditions as in subparagraphs (a)(1) and (2) above.

c. A modification resulting from the Contracting Officer's request for "best and final" offer received after the time and date specified in the request will not

this restriction are contained in sheets [insert numbers or other identification of sheets]"; and

- b. Mark each sheet of data it wishes to restrict with the following legend:

"Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal or quotation."
(FAR 52.215-12)

7. PREPARATION OF OFFERS (APR 1984)

- a. Offerors are expected to examine the drawings, specifications, Schedule, and all instructions. Failure to do so will be at the offeror's risk.
- b. Each offeror shall furnish the information required by the solicitation. The offeror shall sign the offer and print or type its name on the Schedule and each continuation sheet on which it makes an entry. Erasures or other changes must be initialed by the person signing the offer. Offers signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the issuing office.
- c. For each item offered, offerors shall (1) show the unit price/cost, including, unless otherwise specified, packaging, packing, and preservation and (2) enter the extended price/cost for the quantity of each item offered in the "Amount" column of the Schedule. In case of discrepancy between a unit price/cost and an extended price/cost, the unit price/cost will be presumed to be correct, subject, however, to correction to the same extent and in the same manner as any other mistake.
- d. Offers for supplies or services other than those specified will not be considered unless authorized by the solicitation.
- e. Offerors must state a definite time for delivery of supplies or for performance of services, unless otherwise specified in the solicitation.
- f. Time, if stated as a number of days, will include Saturdays, Sundays, and holidays. (FAR 52.215-13)

8. EXPLANATION TO PROSPECTIVE OFFERORS (APR 1984)

Any prospective offeror desiring an explanation or interpretation of the solicitation, drawings, specifications, etc., must request it in writing soon enough to allow a reply to reach all prospective offerors before the submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an amendment of the solicitation, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offerors. (FAR 52.215-14)

9. FAILURE TO SUBMIT OFFER (APR 1984)

Recipients of this solicitation not responding with an offer should not return this solicitation, unless it specifies otherwise. Instead, they should advise the issuing office by letter or postcard whether they want to receive future solicitations for similar requirements. If a recipient does not submit an offer and does not notify the issuing office that future solicitations are desired, the recipient's name may be removed from the applicable mailing list. (FAR 52.215-15)

10. CONTRACT AWARD (APR 1984)

a. The Government will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the Government, cost or price and other factors, specified elsewhere in this solicitation, considered.

b. The Government may (1) reject any or all offers, (2) accept other than the lowest offer, and (3) waive informalities and minor irregularities in offers received.

c. The Government may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

d. The Government may accept any item or group of items of an offer, unless the offeror qualifies the offer by specific limitations.

Unless otherwise provided in the Schedule, offers may be submitted for quantities less than those specified. The Government reserves the right to make an award on any item for a quantity less than the quantity offered, at the unit cost or prices offered, unless the offeror specifies otherwise in the offer.

e. A written award or acceptance of offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall result in a binding contract without further action by either party. Before the offer's specified expiration time, the Government may accept an offer (or part of an offer, as provided in Paragraph (d) above), whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award. Negotiations conducted after receipt of an offer do not constitute a rejection or counteroffer by the Government.

f. Neither financial data submitted with an offer, nor representations concerning facilities or financing, will form a part of the resulting contract. However, if the resulting contract contains a clause providing for price reduction for defective cost or pricing data, the contract price will be subject to reduction if cost or pricing data furnished is incomplete, inaccurate, or not current. (FAR 52.215-16)

11. TYPE OF CONTRACT (APR 1984)

The Government contemplates award of a firm fixed price leasehold contract resulting from this solicitation. (FAR 52.216-1)

12. SITE VISIT (APR 1984)

Offerors or quoters are urged and expected to inspect the site where services are to be performed and to satisfy themselves regarding all general and local conditions that may affect the cost of contract performance, to the extent that the information is reasonably obtainable. In no event shall failure to inspect the site constitute grounds for a claim after contract award. (FAR 52.237-1)

13. PRIVATE OPENING OF PROPOSALS

Proposals will be privately opened at the time set for opening in the request for proposals. Their content will not be made public.

14. OFFERS-ACCEPTANCE PERIOD (APR 1960)

Offers offering less than the period of days specified for acceptance by the Government from the date set for opening of offers will be considered nonresponsive and will be rejected.

15. MODIFICATIONS PRIOR TO DATE SET FOR OPENING OFFERS

The right is reserved, as the interest of the Government may require, to revise or amend the specifications or drawings or both prior to the date set for opening offers. Such revisions and amendments, if any, will be announced by an amendment or amendments to this Request for Proposals. If the revisions and amendments are of a nature which requires material changes in quantities or prices to be bid or both, the date set for opening offers may be postponed by such number of days as in the opinion of the issuing officer will enable offerors to revise their offers. In such cases, the amendment will include an announcement of the new date set for opening offers.

16. BID GUARANTEE (APR 1984)

a. Failure to furnish a bid guarantee in the proper form and amount, by the time set for opening of bids, may be cause for rejection of the bid.

b. The offeror (bidder) shall furnish a bid guarantee in the form of a firm commitment, such as a bid bond, postal money order, certified check, cashiers check, irrevocable letter of credit, or, under Treasury Department regulations, certain bonds or notes of the United States. The Contracting Officer will return bid guarantees, other than bid bonds, (1) to unsuccessful bidders as soon as practicable after the opening of bids, and (2) to the successful bidder upon execution of contractual documents and bonds (including any necessary coinsurance or reinsurance agreements), as required by the bid as accepted.

c. If the successful bidder, upon acceptance of its bid by the Government within the period specified for acceptance, fails to execute all contractual documents or give a bond(s) as required by the solicitation within the time specified, the Contracting Officer may terminate the contract for default.

d. Unless otherwise specified in the bid, the bidder will (1) allow 60 days for acceptance of its bid and (2) give bond within 10 days after receipt of the forms by the bidder.

e. In the event the contract is terminated for default, the bidder is liable for any cost of acquiring the work that exceeds the amount of its bid, and the bid guarantee is available to offset the difference. (FAR 52.228-1)

SECTION M

EVALUATION FACTORS FOR AWARD

M-1 Process

The Government will select a proposal and award a lease under this Request for Proposal by using Source Selection Procedures (SSP) described in FAR 15.6. The SSP is a negotiated acquisition process that allows the Government to evaluate offers on factors other than price alone, and to select the proposal that provides the "greatest value to the Government."

NOTE: THE "GREATEST VALUE TO THE GOVERNMENT" UNDER THIS RFP WILL BE DETERMINED BY EVALUATING THE TECHNICAL QUALITY AND PRICE OF EACH OFFER.

A Source Selection Board will review and evaluate all proposals submitted in response to this RFP, according to the procedures explained in the paragraphs below. A member of the Panel has been appointed as the Government Contracting Officer for this acquisition. After the Source Selection Panel has completed its review of the proposals, as described below, the Contracting Officer will forward the Panel's recommendation for award to the Source Selection Authority, who will make the final decision on awarding this lease.

NOTE: The Government will request on-site visitation of facilities similar to those requested in this RFP that have been designed, constructed, operated and maintained by the offeror.

M-2 Source Selection Board

Under the Source Selection Process, proposals are evaluated by the Board using a predetermined Source Selection Plan. In this RFP, the Source Selection Plan consists of two parts: (1) a technical rating plan, and (2) price evaluation. Both factors are of equal importance, and the Source Selection Board has considerable discretion in determining which proposal represents the "greatest value to the Government."

M-3 Technical Rating Plan

Those proposals that are "responsive" that is, conform to the format and requirements of this RFP will be evaluated for technical quality using a predetermined technical rating plan. This plan consists of the following three major rating elements, all of which carry equal weight in the evaluation:

a. Facility Design and Construction

The proposals will be evaluated on their technical adequacy, efficiency, compatibility, desirability, and contribution to the the "quality of life" of residents and of the activity in general, in these areas:

- (1) Site Design and Development
- (2) Site Engineering
- (3) Utility Systems
- (4) Roads and Parking
- (5) Landscaping
- (6) Facility Design
- (7) Unit Design and Furnishings
- (8) Facility Engineering
- (9) Construction Schedule

b. Facility Operations and Maintenance Plans

The proposals will be evaluated on the adequacy and efficiency of the proposed organization, and on the comprehensiveness of proposed routine and long term maintenance, repairs, and replacements, as well as the level of assurance provided the Government that the proposer can and will provide the desired facilities and services over the life of the agreement.

c. Offeror's Dormitory Qualifications

The proposals will be evaluated on the quality of their demonstrated experience in the financing, construction, operations, and maintenance of similar facilities, as well as the adequacy of their organizations and resources to undertake this project.

NOTE: Offerors must also understand that their treatment of each rating element will significantly affect the acceptability of their proposals to the Government. Offerors should not assume that they can enhance the acceptability of their proposals by offsetting a weak technical proposal with a favorable price proposal. Both factors are of importance, and the Source Selection Panel has considerable discretion in determining which proposal represents the "greatest value to the Government."

Section L of this RFP specifies the information to be submitted with each offer. This information will be used by the Source Selection Panel in evaluating the technical elements of each proposal. Since this is a negotiated acquisition,

offerors should anticipate discussions with members of the Source Selection Panel and their consultants regarding individual elements of their proposals. These discussions may result in the Source Selection Panel requiring the offeror to furnish additional evidence of financial condition, ability to assume and perform the obligations and responsibilities imposed by the terms and conditions of the agreement and the proposal submitted. These discussions may also include requests for additional information, or suggested changes to proposals to conform with Government objectives.

NOTE: IT IS THE RESPONSIBILITY OF EACH OFFEROR TO INSURE THAT ITS INITIAL PROPOSAL INCLUDES ALL OF THE INFORMATION SPECIFIED IN THE RFP. THE OFFEROR SHALL PROVIDE ANY SUBSEQUENT INFORMATION REQUESTED BY THE GOVERNMENT IN A TIMELY MANNER BY THE DATE AND TIME SPECIFIED BY THE CONTRACTING OFFICER OR HIS DESIGNATED REPRESENTATIVE.

M-4 Price Evaluation

Offers will be evaluated on the basis of a net present value life cycle cost. That is, the Government will calculate the present worth of this project over the 32-year life cycle of the rental agreement by using each proposer's rental fee and escalation factors for all of the rooms under the rental agreement applying the projected Consumer Price Index below, and appropriately discounting back to present value.

NOTE: Price evaluations for all proposals will be calculated using identical equations and constants, with the only variables being the proposer's starting room rates and escalation factors.

The Government will use the following hypothetical projected Consumer Price Index in conjunction with the offeror's proposed escalation factors (Section L-6):

<u>TIME PERIOD</u>	<u>PROJECTED CONSUMER PRICE INDEX*</u>
FY88	100.00
FY89	103.90
FY90	107.54
FY91	110.76
FY92	113.53
FY93	115.80
FY94	118.12
FY95	120.48
FY96	122.89
FY97	125.35
FY98	127.86
FY99	130.41
FY00	133.02
FY01	135.68
FY02	138.39
FY03	141.16
FY04	143.99
FY05	146.87
FY06	149.80
FY07	152.80
FY08	155.85
FY09	158.97
FY10	162.15
FY11	165.39
FY12	168.70
FY13	172.07
FY14	175.51
FY15	179.02
FY16	182.60
FY17	186.26
FY18	189.98
FY19	193.78
FY20	197.66

*Base year is FY88.

NOTE: This projection is for the use of the Government in its evaluation only, and shall not be used for any adjustments to rates or costs under the lease or rental agreement.

ATTACHMENT 1

**SITE DESCRIPTION, DRAWINGS,
AND SOILS ANALYSES**

SITE DESCRIPTION, DRAWINGS, AND SOILS ANALYSES

To be provided by NAS Jacksonville.

ATTACHMENT 2

UTILITIES COST DATA

UTILITIES COST DATA

To be provided by NAS Jacksonville.

ATTACHMENT 3

CUSTOMER EVALUATION FORM

CUSTOMER EVALUATION FORM

The following is a sample of a satisfactory customer evaluation form. This or similar formats may be used by the successful bidder.

SAMPLE

Dear Guest,

On behalf of our entire staff, I hope you have enjoyed your stay with us.

The success of any facility is often measured by the standards of service provided to you by the hotel and its staff. In order to evaluate and improve upon these standards, it would be appreciated if you would take a few minutes to complete this comment form, and return it to the front desk.

Thank you.

	YES	NO
1. Was this your first visit with us?	_____	_____
2. Were your reservations handled promptly and efficiently?	_____	_____
3. Did you receive friendly and courteous service from our staff?	_____	_____
4. Was your guest room properly maintained?	_____	_____
5. Did you use any of our other facilities in our hotel?	_____	_____
If yes, how would you rate them?	Excellent	Good Fair
6. How would you rate your room quality?	_____	_____
7. How would you rate our staff?	_____	_____

ADDITIONAL COMMENTS _____

ATTACHMENT 4

BASE EXTERIOR ARCHITECTURAL PLANS

BASE EXTERIOR ARCHITECTURAL PLANS

(Base Exterior Architectural Plans to be provided by Northern Division, NAVFACENGCOM).

ATTACHMENT 5

OTHER AUTHORIZED USERS LIST

OTHER AUTHORIZED USERS LIST

1. Military officers and equivalent grade Department of Defense civilians assigned on transient duty to the installation will be provided first priority to lease rooms at the BOQ. Transient duty is defined as official duty requiring travel orders.
2. In the event that the BOQ is not fully occupied, the Contractor may lease rooms to any of the following authorized users:
 - Military officers permanently assigned to the base
 - Officers on leave
 - Civilian contractor personnel conducting business on the base
 - Families of officers assigned to the base
 - Others as directed by the Contracting Officer or his designated representative.
3. Rooms may be rented to the other authorized users, as described in paragraph 2 above, with advance reservations of up to 14 days if the Government has not otherwise occupied or expressly reserved them either in block or by name.

ATTACHMENT 6

**STANDARD FORM 1411,
CONTRACT PRICING PROPOSAL COVER SHEET**

CONTRACT PRICING PROPOSAL COVER SHEET		1. SOLICITATION/CONTRACT/MODIFICATION NO.		FORM APPROVED OMB NO. 3090-0116							
NOTE: This form is used in contract actions if submission of cost or pricing data is required. (See FAR 15.804-6(b))											
2. NAME AND ADDRESS OF OFFEROR (Include ZIP Code)		3A. NAME AND TITLE OF OFFEROR'S POINT OF CONTACT		3B. TELEPHONE NO.							
						4. TYPE OF CONTRACT ACTION (Check)					
						<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">A. NEW CONTRACT</td> <td style="width: 50%;">D. LETTER CONTRACT</td> </tr> <tr> <td>B. CHANGE ORDER</td> <td>E. UNPRICED ORDER</td> </tr> <tr> <td>C. PRICE REVISION/REDETERMINATION</td> <td>F. OTHER (Specify)</td> </tr> </table>		A. NEW CONTRACT	D. LETTER CONTRACT	B. CHANGE ORDER	E. UNPRICED ORDER
A. NEW CONTRACT	D. LETTER CONTRACT										
B. CHANGE ORDER	E. UNPRICED ORDER										
C. PRICE REVISION/REDETERMINATION	F. OTHER (Specify)										
5. TYPE OF CONTRACT (Check)		6. PROPOSED COST (A+B+C)									
<input type="checkbox"/> FFP <input type="checkbox"/> CPFF <input type="checkbox"/> CPIF <input type="checkbox"/> CPAF <input type="checkbox"/> FPI <input type="checkbox"/> OTHER (Specify)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">A. COST</td> <td style="width: 33%;">B. PROFIT/FEE</td> <td style="width: 33%;">C. TOTAL</td> </tr> <tr> <td>\$</td> <td>\$</td> <td>\$</td> </tr> </table>				A. COST	B. PROFIT/FEE	C. TOTAL	\$	\$	\$
A. COST	B. PROFIT/FEE	C. TOTAL									
\$	\$	\$									
7. PLACE(S) AND PERIOD(S) OF PERFORMANCE											
8. List and reference the identification, quantity and total price proposed for each contract line item. A line item cost breakdown supporting this recap is required unless otherwise specified by the Contracting Officer. (Continue on reverse, and then on plain paper, if necessary. Use same headings.)											
A. LINE ITEM NO.	B. IDENTIFICATION	C. QUANTITY	D. TOTAL PRICE	E. REF.							
9. PROVIDE NAME, ADDRESS, AND TELEPHONE NUMBER FOR THE FOLLOWING (If available)											
A. CONTRACT ADMINISTRATION OFFICE			B. AUDIT OFFICE								
10. WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY IN THE PERFORMANCE OF THIS WORK? (If "Yes," identify)			11A. DO YOU REQUIRE GOVERNMENT CONTRACT FINANCING TO PERFORM THIS PROPOSED CONTRACT? (If "Yes," complete Item 11B)		11B. TYPE OF FINANCING (If one)						
<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> ADVANCE PAYMENTS <input type="checkbox"/> PROGRESS PAYMENTS <input type="checkbox"/> GUARANTEED LOANS						
12. HAVE YOU BEEN AWARDED ANY CONTRACTS OR SUBCONTRACTS FOR THE SAME OR SIMILAR ITEMS WITHIN THE PAST 3 YEARS? (If "Yes," identify item(s), customer(s) and contract number(s))			13. IS THIS PROPOSAL CONSISTENT WITH YOUR ESTABLISHED ESTIMATING AND ACCOUNTING PRACTICES AND PROCEDURES AND FAR PART 31 COST PRINCIPLES? (If "No," explain)								
<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO								
14. COST ACCOUNTING STANDARDS BOARD (CASB) DATA (Public Law 91-379 as amended and FAR PART 30)											
A. WILL THIS CONTRACT ACTION BE SUBJECT TO CASB REGULATIONS? (If "No," explain in proposal)			B. HAVE YOU SUBMITTED A CASB DISCLOSURE STATEMENT (CASB DS-1 or 2)? (If "Yes," specify in proposal the office to which submitted and if determined to be adequate)								
<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO								
C. HAVE YOU BEEN NOTIFIED THAT YOU ARE OR MAY BE IN NON-COMPLIANCE WITH YOUR DISCLOSURE STATEMENT OR COST ACCOUNTING STANDARDS? (If "Yes," explain in proposal)			D. IS ANY ASPECT OF THIS PROPOSAL INCONSISTENT WITH YOUR DISCLOSED PRACTICES OR APPLICABLE COST ACCOUNTING STANDARDS? (If "Yes," explain in proposal)								
<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO								
This proposal is submitted in response to the RFP contract, modification, etc. Item 1 and reflects our best estimates and/or actual costs as of this date.											
15. NAME AND TITLE (Type)			16. NAME OF FIRM								
17. SIGNATURE				18. DATE OF SUBMISSION							

ATTACHMENT 7

STANDARD FORM 24, BID BOND

BID BOND <i>(See Instructions on reverse)</i>				DATE BOND EXECUTED (Must be same or later than bid opening date)	
PRINCIPAL (Legal name and business address)				TYPE OF ORGANIZATION ("X" one) <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> CORPORATION STATE OF INCORPORATION	
SURETY(IES) (Name and business address)					

PENAL SUM OF BOND				BID IDENTIFICATION	
PERCENT OF BID PRICE	AMOUNT NOT TO EXCEED			BID DATE	INVITATION NO.
	MILLIONS	THOUSANDS	HUNDREDS		
				FOR (Construction, Supplies or Services)	

OBLIGATION:

We, the Principal and Surety(ies) are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has submitted the bid identified above.

THEREFORE,

The above obligation is void if the Principal - (a) upon acceptance by the Government of the bid identified above, within the period specified therein for acceptance (sixty (60) days if no period is specified), executes the further contractual documents and gives the bond(s) required by the terms of the bid as accepted within the time specified (ten (10) days if no period is specified) after receipt of the forms by the principal, or (b) in the event of failure so to execute such further contractual documents and give such bonds, pays the Government for any cost of procuring the work which exceeds the amount of the bid.

Each Surety executing this instrument agrees that its obligation is not impaired by any extension(s) of the time for acceptance of the bid that the Principal may grant to the Government. Notice to the surety(ies) of extension(s) are waived. However, waiver of the notice applies only to extensions aggregating not more than sixty (60) calendar days in addition to the period originally allowed for acceptance of the bid.

WITNESS:

The Principal and Surety(ies) executed this bid bond and affixed their seals on the above date.

PRINCIPAL							
Signature(s)	1.				2.	Corporate Seal	
		(Seal)					
Name(s) & Title(s) (Typed)	1.				2.		
INDIVIDUAL SURETIES							
Signature(s)	1.				2.	(Seal)	
		(Seal)					
Name(s) (Typed)	1.				2.		
CORPORATE SURETY(IES)							
SURETY A	Name & Address				STATE OF INC.	LIABILITY LIMIT \$	Corporate Seal
	Signature(s)	1.				2.	
			(Seal)				
		1.				2.	
	1.				2.		

HEN 7540-01-152-6697
 PREVIOUS EDITION USABLE

24-104

STANDARD FORM 24 (REV. 10-63)
 Prescribed by GSA
 FAR (48 CFR 53.226(a))

CORPORATE SURETY (IES) (Continued)				
SURETY B	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY C	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY D	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY E	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY F	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY G	Name & Address	STATE OF INC.		LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	

INSTRUCTIONS

1. This form is authorized for use when a bid guaranty is required. Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorized person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. The bond may express penal sum as a percentage of the bid price. In these cases, the bond may state a maximum dollar limitation (e.g., 20% of the bid price but the amount not to exceed _____ dollars).

4. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed herein. Where more than one corporate surety is involved, their names and addresses shall appear

in the space (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form, insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

5. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction requiring adhesive seals.

6. Type the name and title of each person signing this bond in the space provided.

7. In its application to negotiated contracts, the terms "bid" and "bidder" shall include "proposal" and "offeror".

ATTACHMENT 8

STANDARD FORM 25, PERFORMANCE BOND

PERFORMANCE BOND <i>(See instructions on reverse)</i>	DATE BOND EXECUTED (Must be same or later than date of contract)												
PRINCIPAL (Legal name and business address)	TYPE OF ORGANIZATION ("X" one) <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> JOINT VENTURE </div> <div> <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> CORPORATION </div> </div> STATE OF INCORPORATION												
SURETY(IES) (Name(s) and business address(es))	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">PENAL SUM OF BOND</th> </tr> <tr> <td style="width: 25%;">MILLION(S)</td> <td style="width: 25%;">THOUSAND(S)</td> <td style="width: 25%;">HUNDRED(S)</td> <td style="width: 25%;">CENTS</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table> <div style="display: flex; justify-content: space-between;"> <div>CONTRACT DATE</div> <div>CONTRACT NO.</div> </div>	PENAL SUM OF BOND				MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENTS				
PENAL SUM OF BOND													
MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENTS										

OBLIGATION:

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has entered into the contract identified above.

THEREFORE:

The above obligation is void if the Principal -

(a)(1) Performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of the contract during the original term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and (2) perform and fulfills all the undertakings, covenants, terms conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of those modifications to the Surety(ies) are waived.

(b) Pays to the Government the full amount of the taxes imposed by the Government, if the said contract is subject to the Miller Act, (40 U.S.C. 270a-270e), which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished.

WITNESS:

The Principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL				
Signature(s)	1.	2.	(Seal)	Corporate Seal
Name(s) & Title(s) (Typed)	1.	2.	(Seal)	Corporate Seal
INDIVIDUAL SURETY(IES)				
Signature(s)	1.	2.	(Seal)	(Seal)
Name(s) (Typed)	1.	2.	(Seal)	(Seal)
CORPORATE SURETY(IES)				
SURETY A	Name & Address	STATE OF INC.		LIABILITY LIMIT
				\$
	Signature(s)	1.	2.	Corporate Seal
Name(s) & Title(s) (Typed)	1.	2.		

CORPORATE SURETY(IES) (Continued)				
SURETY B	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY C	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY D	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY E	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY F	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY G	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	

BOND PREMIUM	▶	RATE PER THOUSAND \$	TOTAL \$
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INSTRUCTIONS

1. This form is authorized for use in connection with Government contracts. Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorization person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed therein. Where more than one corporate surety is involved, their names and addresses shall appear in the spaces (Surety A, Surety B, etc.) headed "CORPORATE

SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction requiring adhesive seals.

5. Type the name and title of each person signing this bond in the space provided.

ATTACHMENT 9

STANDARD FORM 25A, PAYMENT BOND

PAYMENT BOND <i>(See instructions on reverse)</i>	DATE BOND EXECUTED <i>(Must be same or later than date of contract)</i>																
PRINCIPAL <i>(Legal name and business address)</i>	TYPE OF ORGANIZATION <i>("X" one)</i> <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> CORPORATION STATE OF INCORPORATION																
SURETY(IES) <i>(Name(s) and business address(es))</i>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">PENAL SUM OF BOND</th> </tr> <tr> <th style="width: 25%;">MILLION(S)</th> <th style="width: 25%;">THOUSAND(S)</th> <th style="width: 25%;">HUNDRED(S)</th> <th style="width: 25%;">CENTS</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">CONTRACT DATE</th> <th style="width: 50%;">CONTRACT NO.</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>	PENAL SUM OF BOND				MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENTS					CONTRACT DATE	CONTRACT NO.		
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CONTRACT DATE	CONTRACT NO.																

OBLIGATION:

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The above obligation is void if the Principal promptly makes payment to all persons having a direct relationship with the Principal or a sub-contractor of the Principal for furnishing labor, material or both in the prosecution of the work provided for in the contract identified above, and any authorized modifications of the contract that subsequently are made. Notice of those modifications to the Surety(ies) are waived.

WITNESS:

The Principal and Surety(ies) executed this payment bond and affixed their seals on the above date.

PRINCIPAL				
Signature(s)	1.	2.	Corporate Seal	
	(Seal)	(Seal)		
Name(s) & Title(s) <i>(Typed)</i>	1.	2.		
INDIVIDUAL SURETY(IES)				
Signature(s)	1.	2.	(Seal)	
	(Seal)	(Seal)		
Name(s) <i>(Typed)</i>	1.	2.		
CORPORATE SURETY(IES)				
SURETY A	Name & Address	STATE OF INC.	LIABILITY LIMIT \$	Corporate Seal
	Signature(s)	1.	2.	
	Name(s) & Title(s) <i>(Typed)</i>	1.	2.	

CORPORATE SURETY(IES) (Continued)				
SURETY B	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY C	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY D	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY E	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY F	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	
SURETY G	Name & Address			STATE OF INC. LIABILITY LIMIT \$
	Signature(s)	1.	2.	Corporate Seal
	Name(s) & Title(s) (Typed)	1.	2.	

INSTRUCTIONS

1. This form, for the protection of persons supplying labor and material, is used when a payment bond is required under the Act of August 24, 1935, 49 Stat. 793 (40 U.S.C. 270 a-270e). Any deviation from this form will require the written approval of the Administrator of General Services.

2. Insert the full legal name and business address of the Principal in the space designated "Principal" on the face of the form. An authorized person shall sign the bond. Any person signing in a representative capacity (e.g., an attorney-in-fact) must furnish evidence of authority if that representative is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved.

3. (a) Corporations executing the bond as sureties must appear on the Department of the Treasury's list of approved sureties and must act within the limitation listed therein. Where more than one corporate surety is involved, their names and addresses shall appear

in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)". In the space designated "SURETY(IES)" on the face of the form, insert only the letter identification of the sureties.

(b) Where individual sureties are involved, two or more responsible persons shall execute the bond. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. The Government may require these sureties to furnish additional substantiating information concerning their financial capability.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Corporate Seal"; and shall affix an adhesive seal if executed in Maine, New Hampshire, or any other jurisdiction regarding adhesive seals.

5. Type the name and title of each person signing this bond in the space provided.

ATTACHMENT 10

SAMPLE LEASE

DEPARTMENT OF THE NAVY
LEASE OF NAVY LANDS FOR BEQ DEVELOPMENT

LEASE between _____ hereinafter called the "LESSEE" and the United States of America, acting by and through the Commanding Officer, Southern Division, Naval Facilities Engineering Command, 2155 Eagle Drive, P.O. Box 10068, Charleston, South Carolina, hereinafter called the "GOVERNMENT."

The GOVERNMENT hereby leases to LESSEE the property described below under the terms, conditions, General Provisions and Special Provisions set forth on this page and subsequent pages of and attachments to this lease agreement.

1. **LEASED PROPERTY:** Under the terms and conditions of this lease, the GOVERNMENT hereby leased to the LESSEE that portion of the Naval Air Station, Jacksonville, Florida (hereinafter called the "Station"), which portion is hereinafter called the "Leased Property;"

As delineated on the map of the station marked Exhibit "A," attached hereto and made part hereof;

Together with all improvements thereon and appurtenances thereunto belonging;

Together with rights in ingress and egress and the right, in common with others, to the use of all supporting facilities, and roadways serving the leased property as delineated in Exhibit "A."

Attached hereto and made part hereof is a condition report, marked Exhibit "A," signed by representatives of the GOVERNMENT and LESSEE, which sets forth the condition of the leased property as determined from their joint inspection thereof.

2. **TERM:** The term of this lease shall be for a period of thirty-two years, beginning on _____ and ending on _____, unless sooner terminated in accordance with the provision of Article _____ hereof.

3. **RENTAL AGREEMENT FOR FACILITIES:** The parties agree that when the LESSEE completes construction of the facilities in accordance with Article ____ of the lease, and the facility is accepted by the GOVERNMENT, the GOVERNMENT will enter into a rental agreement with the LESSEE for use of the facilities subject to the terms, provisions set forth in the GOVERNMENT Lease (Rental Agreement), attached to this lease as Exhibit "B."

4. **RENT:** LESSEE shall pay to the GOVERNMENT an annual rental payment of an amount equal to the appraised fair market rental value of the property as determined by the GOVERNMENT. Payment shall be made quarterly in advance in

accordance with the provisions of Article ____ hereof. However, NO rental payments shall accrue during any period covered by an agreement between LESSEE and the GOVERNMENT for the construction and operation of a Bachelor Enlisted Quarters as described in Article 3 of this lease.

5. **USE:** The leased property shall be used solely for the construction and operation of a Bachelor Enlisted Quarters for leasing to the GOVERNMENT.

6. **LESSEE RIGHT TO PURCHASE:** Should the GOVERNMENT undertake to sell the leased property, the LESSEE shall have the first right to purchase said property.

7. **TERMINATION:**

a. **National Emergency Termination by GOVERNMENT:** During any national emergency declared by the Congress or the President pursuant to Title II of the National Emergencies Act of September 14, 1976 (Public Law 94-412), 90 stat. 1255, the GOVERNMENT shall have the right to suspend or terminate this lease, at any time, without prior notice, and regardless of any lack of breach by LESSEE of any of the terms and conditions of this lease.

b. **Termination by GOVERNMENT for Failure to Secure Financing:** Notwithstanding fault or lack of fault by the LESSEE, if the LESSEE is unable to provide to the Contracting Officer within 30 days of the award of this lease satisfactory evidence of firm financial commitment said failure shall constitute a default by the LESSEE. The GOVERNMENT may terminate this lease at no cost to the GOVERNMENT and exercise rights under the bonds provided.

c. **Termination by GOVERNMENT for LESSEE Default:**

(1) In the event that the GOVERNMENT elects to terminate this lease on account of the default by LESSEE of any of the terms and conditions hereof, no adjustments in advance rentals paid by LESSEE shall be made, and the GOVERNMENT shall be entitled to recover and the LESSEE shall pay to the GOVERNMENT:

(a) The reasonable costs incurred in resuming possession of the Leased Property,

(b) The reasonable costs incurred in performing any obligations on the part of LESSEE to be performed hereunder by GOVERNMENT.

(2) Provided, however, that the GOVERNMENT may elect to terminate hereunder,

(a) In the case of default for nonpayment of rent only after receipt by the LESSEE of notice of such default and failure to cure within ninety (90) calendar days thereafter, and

(b) In the case of default for the violation of any other provision of this lease only after receipt by the LESSEE of notice of such default and failure to cure within thirty (30) calendar days thereafter or such additional period of time as may reasonably be required to effect such cure.

(3) Any termination of this lease shall terminate all rights, duties, and obligations between the parties in any lease or rental agreement, except as to disposition of improvements as discussed below.

d. Termination for Casualty:

LESSEE or GOVERNMENT shall have the right to terminate this lease upon thirty (30) days written notice to the prospective designated agents of the parties hereto in the event of damage to, or destruction of all of the improvements on the Leased Property or such a substantial portion thereof as to render fifty percent (50%) or more of the Leased Property actually used by the LESSEE for its operations incapable of such use, but only if (1) the Contracting Officer has not within sixty (60) days of such damage or destruction either authorized or directed the repair, rebuilding, or replacement of the improvements, or made provisions for payment for such repair, rebuilding, or replacement by application of insurance proceeds or otherwise, or (2) the repairs, rebuilding or replacement cannot reasonably be expected to be substantially completed within six (6) months of the damage or destruction, and further that (3) such damage or destruction was not occasioned by fault or negligence of the LESSEE or any of its officers, agents, servants, employees, licensees, or invitees, or by any failure on the part of the LESSEE to fully perform its obligations under this lease.

e. Disposition of Improvements:

In the event of termination for default or casualty, all major improvements made under Article ____ of this lease shall be removed by the LESSEE within sixty (60) calendar days of the date of termination, and the property restored to the original condition. All property not so removed shall be deemed abandoned by the LESSEE and may be used or disposed of by the GOVERNMENT in any manner whatsoever without any liability to account to LESSEE, but such abandonment shall not reduce the obligation of the LESSEE to restore the premises.

8. EXPIRATION: Upon expiration of this lease, the GOVERNMENT may, at its option:

- a. Renew the provisions of this lease;
- b. Purchase all major improvements, if then so authorized and funded; or

c. Require the LESSEE to remove, within sixty (60) days of the date of expiration, all improvements, and to restore the property to its original condition. All property not so removed shall be deemed abandoned by the LESSEE and may be used or disposed of by the GOVERNMENT in any manner whatsoever without any liability to account to LESSEE, but such abandonment shall not reduce the obligation of the LESSEE to restore the premises.

9. CONSTRUCTION OF IMPROVEMENTS, INSTALLATIONS, ALTERATIONS AND REMOVAL:

a. During the term of this lease, LESSEE shall, at its own expense, construct, erect, place, install and maintain a building or buildings and other structures and improvements on the leased property as described in Exhibits ____ and ____ attached hereto and by this reference made a part hereof. Said improvements shall be constructed pursuant to and in accordance with Exhibits ____ and ____, and unless any delay is due to causes beyond the control and without fault or negligence of the LESSEE and/or those engaged in the construction of the facilities, failure of the LESSEE to construct such improvements in accordance with said Exhibits ____ and ____ shall constitute a default of the Lease. In such instance, LESSEE and its sureties shall be liable to pay to the GOVERNMENT as liquidated damages, the sum of \$1,080.00 for each day of delay.

Further, the GOVERNMENT, at its option may terminate this lease at no liability or cost to the GOVERNMENT. No other buildings, structures and improvements shall be constructed, erected or installed on the premises nor shall any permitted building, structure and other improvements be materially altered without the express written permission of the GOVERNMENT.

b. During the term of this lease, LESSEE shall have the right at its own expense, to install such of its own machinery and equipment, to make such minor improvements and additions and to attach such removable fixtures in or upon the Leased Property as may be necessary for its use of the Leased Property pursuant to this Lease, and to remove same sometime prior to the expiration or termination of this lease, provided, that in the event of termination by the GOVERNMENT upon less than thirty (30) days notice LESSEE may remove such items within thirty (30) days from the receipt of notice of termination.

10. PAYMENT AND PERFORMANCE BONDS:

(insert)

11. APPLICABLE CODES AND ORDINANCES:

a. The LESSEE, as part of the rental consideration, agrees to comply with all codes and ordinances applicable to the ownership and operation of land and buildings associated with the lease, and at its own expense, to obtain all required permits and related items.

b. LESSEE agrees that at or prior to submission of any plats, plans, specifications or applications for permit with respect to compliance with applicable codes, laws and regulations, LESSEE shall provide GOVERNMENT's designated representative with a copy of each such submission. In addition, LESSEE shall provide GOVERNMENT's designated representative a complete copy of any approved plats, plans, specifications and permits.

12. **DESIGN SUBMITTALS:** The LESSEE shall provide to the Contracting Officer within 60 calendar days after lease award, 15 copies of all final construction drawings and planning documents, plus one reproducible set of all drawings and five copies of design calculation submitted to all applicable permitting agencies for review. These submittals must meet the requirements of the RFP and comply with all applicable provisions contained in appropriate codes and ordinances for which consistency reviews and approvals are required.

13. **ACCEPTANCE:**

a. **Certificate of Acceptance**

Upon completion of the facility, the LESSEE shall provide written notification to the Contracting Officer or his representative. The notification shall be accompanied by an occupancy permit issued by the appropriate local Government agency. A joint physical survey and inspection report of each part of the work to be accepted by the GOVERNMENT shall be made prior to initial occupancy, reflecting the then physical condition. Upon determination by the Government's representative that such facilities are in compliance with the terms and provisions of this lease contract, the GOVERNMENT will issue a Certificate of Acceptance.

b. **Deficiencies.**

Should the facilities not be in compliance with this contract, a list of deficiencies will be made by the GOVERNMENT and promptly given to the LESSEE. The LESSEE shall promptly correct such deficiencies before the GOVERNMENT issues a Certificate of Acceptance and the space is occupied.

14. **INSPECTION OF PREMISES:** At all times during any construction, remodeling, or renovation work, the facility, upon reasonable and proper notice, must be accessible for inspection by the Contracting Officer or his duly authorized representatives to determine whether the essential requirements of the lease are met.

15. **REVIEWS PRIOR TO CONSTRUCTION:** Construction is not to commence until the GOVERNMENT has reviewed the final construction plans and specifications and only after all approvals and permits have been secured from appropriate issuing bodies. The GOVERNMENT will review the plans and specifications for life-safety criteria only. Such review does not constitute approval

nor acceptance of any variations from the RFP or from the proposal unless such variations have been specifically pointed out in writing by the LESSEE and specifically approved in writing by the GOVERNMENT. Piecemeal submission normally will not be acceptable. However, to expedite project development, the GOVERNMENT may accept a submission for site development, and if found satisfactory, allow the LESSEE to proceed with earthwork and other elements of site development while the construction plans and specifications for total work are completed, provided site preparation work permits are secured from local review agencies. Contract completion time shall include adequate time for GOVERNMENT review of drawings, plans and specifications. Normally, the GOVERNMENT will not require more than 30 days for review of the construction drawings, plans, and specifications submissions since the GOVERNMENT will be guided by the detailed review and approvals issued by the appropriate public review agencies and since partial reviews are not contemplated, except possibly for site development. Time spent by the GOVERNMENT on such submissions will not be chargeable against the cited 30 days. Final construction plans and specifications found to be not in compliance with the RFP and proposal will be returned to the LESSEE for correction and resubmission. Under such circumstances, the GOVERNMENT shall have a 15 day review period adjusted to commence upon receipt of the revised submittals with no increase in the total contract completion date provided.

16. CONSTRUCTION SCHEDULE: In accordance with Exhibit ____ hereto, the LESSEE shall submit a complete schedule within 10 calendar days after award of the lease.

17. CHANGES:

a. The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

- (1) Description of services to be performed.
- (2) Time of performance (i.e., hours of the day, days of the week, etc.).
- (3) Place of performance of the services.

b. If any such change causes an increase, or decrease in the cost of performance under this lease, whether or not changed by the order, the Contracting Officer shall modify the lease by:

- (1) Making an equitable adjustment in the rental rate, or
- (2) Revising the delivery schedule, or
- (3) Both.

c. The LESSEE must submit any "proposal for adjustment" (hereafter referred to as proposal) under this clause within 30 days from the receipt of written

order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

d. Failure to agree to any adjustment shall be a dispute under the DISPUTES clause (Article ____). However, nothing in this clause shall excuse the LESSEE from proceeding with the contract as changed.

18. **TIME EXTENSIONS FOR CONSTRUCTION:** The lease will not be terminated nor the LESSEE charged with liquidated damages when the delay in delivery arises out of causes beyond the control and without the fault or negligence of the LESSEE. However, the LESSEE shall notify the Contracting Officer, in writing, of any delay within 10 calendar days of said delay. The Contracting Officer shall ascertain the facts, determine the extent of the delay, and grant a time extension when justified.

19. **OFFICIALS NOT TO BENEFIT:** No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this lease, or to any benefit arising from it. However, this clause does not apply to this lease to the extent that this lease is made with a corporation for the corporation's general benefit.

20. **GRATUITIES**

a. The right of the LESSEE to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the LESSEE, its agent, or another representative –

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the GOVERNMENT; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

b. The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

c. If this lease is terminated under paragraph (a) above, the GOVERNMENT is entitled –

(1) To pursue the the same remedies as in a breach of the lease; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the LESSEE in giving gratuities to the person concerned, as determined by the agency head or a designee.

d. The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this lease.

21. COVENANT AGAINST CONTINGENT FEES:

a. The LESSEE warrants that no person or agency has been employed or retained to solicit or obtain this lease upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the GOVERNMENT shall have the right to annul this lease without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

b. "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain GOVERNMENT contracts nor holds itself out as being able to obtain any GOVERNMENT contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain GOVERNMENT contracts nor holds out as being able to obtain any GOVERNMENT contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a GOVERNMENT contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a GOVERNMENT contract on a basis other than the merits of the matter.

22. ANTI-KICKBACK PROCEDURES:

a. Definitions.

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

b. The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from —

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

c. (1) The LESSEE shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph b of this clause in its own operations and direct business relationships.

(2) When the LESSEE has reasonable grounds to believe that a violation described in paragraph b of this clause may have occurred, the LESSEE shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.

(3) The LESSEE shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

(4) Regardless of the contract tier at which a kickback was provided, accepted, or charged under the contract in violation of paragraph b of this clause, the Contracting Officer may –

(i) Offset the amount of the kickback against any monies owed by the United States under this contract and/or

(ii) Direct that the LESSEE withhold from sums owed the subcontractor, the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision c(4)(ii) of this clause be paid over to the GOVERNMENT unless the GOVERNMENT has already offset those monies under subdivision c(4)(i) of this clause. In the latter case, the Contractor shall notify the Contracting office when the monies are withheld.

(5) The LESSEE agrees to incorporate the substance of this clause, including this subparagraph c(5), in all subcontracts under this contract.

23. EXAMINATION OF RECORDS BY COMPTROLLER GENERAL:

a. This clause applies if this contract exceeds \$10,000 and was entered into by negotiation.

b. The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this contract or for any shorter period specified in Federal Acquisition Regulation (FAR) Subpart 4.7, Contractor Records Retention, have access to and the right to examine any of the LESSEE's directly pertinent books, documents, papers, or other records involving transactions related to this lease.

c. The LESSEE agrees to include in first-tier subcontracts under this lease a clause to the effect that the Comptroller General or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under the subcontract or for any shorter period specified in FAR Subpart 4.7, have access to and the right to examine any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract," as used in this clause, excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

d. The periods of access and examination in paragraphs b and c above for records relating to (1) appeals under the Disputes clause, (2) litigation or settlement of claims arising from the performance of this contract, or (3) costs and expenses of this contract to which the Comptroller General or a duly authorized representative from the General Accounting Office has taken

exception shall continue until such appeals, litigation, claims, or exceptions are disposed of.

24. UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS:

a. It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency.

b. The LESSEE hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The LESSEE further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the LESSEE's compliance with this clause.

c. As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern –

(1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(2) Whose management and daily business operations are controlled by one or more of such individuals.

The LESSEE shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

d. LESSEE acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

25. SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN

a. This clause does not apply to small business concerns.

b. "Commercial product," as used in this clause, means a product in regular production that is sold in substantial quantities to the general public and/or industry at established catalog or market prices. It also means a product which, in the opinion of the Contracting Officer, differs only insignificantly from the Contractor's commercial product.

"Subcontract," as used in this clause, means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

c. The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, which addresses separately subcontracting with small business concerns and small disadvantaged business concerns and which shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the offeror ineligible for award of a contract.

d. The offeror's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business concerns and small disadvantaged business concerns as subcontractors. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

(2) A statement of —

(i) Total dollars planned to be subcontracted;

(ii) Total dollars planned to be subcontracted to small business concerns; and

(iii) Total dollars planned to be subcontracted to small disadvantaged business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to —

(i) Small business concerns and

(ii) Small disadvantaged business concerns.

(4) A description of the method used to develop the subcontracting goals in (1) above.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Automated Source System (PASS) of the Small Business Administration, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small and small disadvantaged business concerns trade associations).

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with —

(i) Small business concerns and

(ii) Small disadvantaged business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small business concerns and small disadvantaged business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause in this contract entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility), to adopt a plan similar to the plan agreed to by the offeror.

(10) Assurances that the offeror will (i) cooperate in any studies or surveys as may be required, (ii) submit periodic reports in order to allow the Government to determine the extent of compliance by the offeror with the subcontracting plan, (iii) submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with the instructions on the forms, and (iv) ensure that its subcontractors agree to submit Standard Forms 294 and 295.

(11) A recitation of the types of records the offeror will maintain to demonstrate procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of its efforts to locate small and small disadvantaged business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists, guides, and other data that identify small and small disadvantaged business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small or small disadvantaged business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating (A) whether small business concerns were solicited and if not, why not, (B) whether small disadvantaged business concerns were solicited and if not, why not, and (C) if applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact (A) trade associations, (B) business development organizations, and (C) conferences and trade fairs to locate small and small disadvantaged business sources.

(v) Records of internal guidance and encouragement provided to buyers through (A) workshops, seminars, training, etc., and (B) monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having company or division-wide annual plans need not comply with this requirement.

e. In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small business and small disadvantaged business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business and small disadvantaged subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business and small disadvantaged business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small and small disadvantaged business firms.

f. A master subcontracting plan on a plant or division-wide basis which contains all the elements required by d above, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; *provided*, (1) the master plan has been approved, (2) the offeror provides copies of the approved master plan and evidence of its approval to the Contracting Officer, and (3) goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.

g. (1) If a commercial product is offered, the subcontracting plan required by this clause may relate to the offeror's production generally, for both commercial and noncommercial products, rather than solely to the Government contract. In these cases, the offeror shall, with the concurrence of the Contracting Officer, submit one company-wide or division-wide annual plan.

(2) The annual plan shall be reviewed for approval by the agency awarding the offeror its first prime contract requiring a subcontracting plan during the fiscal year, or by an agency satisfactory to the Contracting Officer.

(3) The approved plan shall remain in effect during the offeror's fiscal year for all of the offeror's commercial products.

h. Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.

i. The failure of the Contractor or subcontractor to comply in good faith with (1) the clause of this contract entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns," or (2) an approved plan required by this clause, shall be a material breach of the contract.

26. UTILIZATION OF WOMEN-OWNED SMALL BUSINESSES:

a. "Women-owned small businesses," as used in this clause, means businesses that are at least 51 percent owned by women who are United States citizens and who also control and operate the business.

"Control," as used in this clause, means exercising the power to make policy decisions.

"Operate," as used in this clause, means being actively involved in the day-to-day management of the business.

b. It is the policy of the United States that women-owned small businesses shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.

c. The LESSEE agrees to use its best efforts to give women-owned small businesses the maximum practicable opportunity to participate in the subcontracts it awards to the fullest extent consistent with the efficient performance of its contract.

27. EQUAL OPPORTUNITY:

a. If, during any 12-month period (including the 12 months preceding the award of this contract), the LESSEE has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs b(1) through (11) below. Upon request, the LESSEE shall provide information necessary to determine the applicability of this clause.

b. During performing this contract, the LESSEE agrees as follows:

(1) The LESSEE shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin.

(2) The LESSEE shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The LESSEE shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The LESSEE shall, in all solicitations or advertisement for employees placed by or on behalf of the LESSEE, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The LESSEE shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the LESSEE's

commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The LESSEE shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The LESSEE shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of award.

(8) The LESSEE shall permit access to its books, records, and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the LESSEE's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the LESSEE is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this lease may be canceled, terminated, or suspended in whole or in part and the LESSEE may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the LESSEE as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The LESSEE shall include the terms and conditions of subparagraph b(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The LESSEE shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sections for noncompliance; *provided*, that if the LESSEE becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the LESSEE may request the United States to enter into the litigation to protect the interests of the United States.

c. Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

28. AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS:

a. Definitions.

"Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the LESSEE proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the LESSEE's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the LESSEE proposes to fill from regularly established "recall" lists.

"Openings that the LESSEE proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the LESSEE proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause –

(1) Includes, but is not limited to, openings that occur in jobs categorized as –

(i) Production and nonproduction;

(ii) Plant and office;

(iii) Laborers and mechanics;

(iv) Supervisory and nonsupervisory;

(v) Technical, and

(vi) Executive, administrative, and professional positions compensated on a salary basis of less than \$25,000 a year; and

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the LESSEE proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

b. General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the LESSEE shall not discriminate against the

individual because the individual is a special disabled or Vietnam Era veteran. The LESSEE agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as —

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The LESSEE agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

c. Listing openings.

(1) The LESSEE agrees to list all suitable employment openings existing at lease award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any LESSEE facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirements.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the LESSEE from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the LESSEE becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in

each State where it has establishments, of the name and location in the State. As long as the LESSEE is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The LESSEE may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) the Government's needs cannot reasonably be supplied, (ii) listing would be contrary to national security, or (iii) the requirement of listing would not be in the Government's interest.

d. Applicability

(1) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 states, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph c above of this clause do not apply to openings that the LESSEE proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

e. Postings

(1) The LESSEE agrees to post employment notices stating (i) the LESSEE's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The LESSEE shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the LESSEE is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

f. Noncompliance. If the LESSEE does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

g. Subcontracts. The LESSEE shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The LESSEE shall act as specified by the Director to enforce the terms, including action for noncompliance.

29. AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS:

a. General

(1) Regarding any position for which the employee or applicant for employment is qualified, the LESSEE shall not discriminate against any employee or applicant because of physical or mental handicap. The LESSEE agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as —

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The LESSEE agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

b. Postings

(1) The LESSEE agrees to post employment notices stating (i) the LESSEE's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

g. Subcontracts. The LESSEE shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The LESSEE shall act as specified by the Director to enforce the terms, including action for noncompliance.

29. AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS:

a. General

(1) Regarding any position for which the employee or applicant for employment is qualified, the LESSEE shall not discriminate against any employee or applicant because of physical or mental handicap. The LESSEE agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as —

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The LESSEE agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

b. Postings

(1) The LESSEE agrees to post employment notices stating (i) the LESSEE's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The LESSEE shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the LESSEE is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

c. Noncompliance. If the LESSEE does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

d. Subcontracts. The LESSEE shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

30. EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA:

a. The LESSEE agrees to report at least annually as required by the Secretary of Labor, on

(1) The number of special disabled veterans and the number of veterans of the Vietnam Era in the work force of the contractor by category and hiring location, and

(2) The total number of new employees hired during the period covered by the report and of that total the number of special disabled veterans and the number of veterans of the Vietnam era.

b. The above items shall be reported by completing the form entitled "Federal Contractor Veterans' Employment Report VETS-100." Computer-generated forms are acceptable provided that all required information and data are presented in the same format as the VETS-100 form.

c. Reports shall be submitted no later than March 31 of each year beginning March 31, 1989.

d. The employment activity report required by paragraph a.(2) of this clause shall reflect total hires during the recent 12 month period as of the ending date selected for the employment profile report required by paragraph a(1) of this clause. LESSEE may select an ending date:

(1) as of the end of any pay period during the period January through March 1st of the year the report is due, or

(2) as of December 31, if the LESSEE has previous written approval from the Equal Opportunity Commission to do so for purpose of submitting the Employer Information Report EEO-1 (Standard Form 100).

e. The count of veterans reported according to paragraph a above shall be based on voluntary disclosure. Each LESSEE subject to the reporting requirements at 38 USC 2012(d) shall invite all special disabled veterans and veterans of the Vietnam Era who wish to benefit under the affirmative action program at 38 USC 2012 to identify themselves to the LESSEE. The invitation shall state that the information is voluntarily provided, that the information will be kept confidential, that disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment, and that the information will be used only in accordance with the regulations promulgated under 38 USC 2012. Nothing in this paragraph e shall preclude an employee from informing a LESSEE at a future time of his or her desire to benefit from this program. Nothing in this paragraph shall relieve a LESSEE from liability for discrimination under 38 USC 2012.

f. The LESSEE shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations or orders of the Secretary of Labor.

31. CLEAN AIR AND WATER:

a. Definitions

"Air Act," as used in this clause, means the Clean Air Act (42 U.S.C. 7401 et seq.).

"Clean air standards," as used in this clause, means —

(1) Any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, work practices, or other requirements contained in, issued under, or otherwise adopted under the Air Act or Executive Order 11738;

(2) An applicable implementation plan as described in section 110(d) of the Air Act (42 U.S.C. 7410(d));

(3) An approved implementation procedure or plan under section 111(c) or section 111(d) of the Air Act (42 U.S.C. 7411(c) or (d)); or

(4) An approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 7412(d)).

"Clean water standards," as used in this clause, means any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

"Compliance," as used in this clause, means compliance with –

- (1) Clean air or water standards; or
- (2) A schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency, or an air or water pollution control agency under the requirements of the Air Act or Water Act and related regulations.

"Facility," as used in this clause, means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Contractor or subcontractor, used in the performance of a contract or subcontract. When a location or site of operations includes more than one building, plant, installation, or structure, the entire location or site shall be deemed a facility except when the Administrator, or a designee, of the Environmental Protection Agency, determines that independent facilities are colocated in one geographical area.

"Water Act," as used in this clause, means Clean Water Act (33 U.S.C. 1251 et seq.).

b. The LESSEE agrees –

- (1) To comply with all the requirements of section 114 of the Clean Air Act (42 U.S.C. 7414) and section 308 of the Clean Water Act (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, and all regulations and guidelines issued to implement those acts before the award of this contract;
- (2) That no portion of the work required by this prime contract will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this contract was awarded unless and until the EPA eliminates the name of the facility from the listing;
- (3) To use best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed; and
- (4) To insert the substance of this clause into any nonexempt subcontract, including this subparagraph.

32. ASSIGNMENT OF CLAIMS:

a. The LESSEE, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as "the Act") may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may

thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

b. Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

c. The LESSEE shall not furnish or disclose to any assignee under this lease any classified document (including this contract) or information related to work under this lease until the Contracting Officer authorizes such action in writing.

33. **DISPLAY ADVERTISING:** Since the facility is solely for Government use, no advertising matter shall be constructed on or over the facility unless authorized by the Contracting Officer.

34. **DISPUTES:**

a. This lease is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act).

b. Except as provided in the Act, all disputes arising under or relating to this lease shall be resolved under this clause.

c. "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of lease terms, or other relief arising under or relating to this lease. A claim arising under a lease, unlike a claim relating to that lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$50,000 is not a claim under the Act until certified as required by subparagraph d(2) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

d. (1) A claim by the LESSEE shall be made in writing and submitted to the Contracting Officer for a written decision. A claim by the GOVERNMENT against the LESSEE shall be subject to a written decision by the Contracting Officer.

(2) For Contractor claims exceeding \$50,000, the Contractor shall submit with the claim a certification that –

(i) The claim is made in good faith;

(ii) Supporting data are accurate and complete to the best of the LESSEE's knowledge and belief; and

(iii) The amount requested accurately reflects the contract adjustment for which the LESSEE believes the GOVERNMENT is liable.

(3) (i) If the LESSEE is an individual, the certification shall be executed by that individual.

(ii) If the LESSEE is not an individual, the certification shall be executed by —

(A) A senior company official in charge at the LESSEE's plant or location involved; or

(B) An officer or general partner of the LESSEE having overall responsibility for the conduct of the LESSEE's affairs.

e. For LESSEE claims of \$50,000 or less, the Contracting Officer must, if requested in writing by the LESSEE, render a decision within 60 days of the request. For LESSEE-certified claims over \$50,000, the Contracting Officer must, within 60 days, decide the claim or notify the LESSEE of the date by which the decision will be made.

f. The Contracting Officer's decision shall be final unless the LESSEE appeals or files a suit as provided in the Act.

g. The GOVERNMENT shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

h. The LESSEE shall proceed diligently with performance of this lease, pending final resolution of any request for relief, claim, appeal, or action arising under the lease, and comply with any decision of the Contracting Officer.

35. **TITLE TO IMPROVEMENTS:** Notwithstanding any other provisions of this lease, or otherwise, title to all major improvements made under Article _____ shall during the term of the lease remain in the LESSEE. Said title shall remain in the LESSEE in the event the lease is terminated pursuant to Article _____ hereof. In such instance, interest in such improvements after termination pursuant to Article _____ the valuation thereof shall assume the LESSEE will convey or assign to the GOVERNMENT, promptly at the GOVERNMENT's request, all right, title, and

interest in and to and underlying leases or other real property necessary for the use and enjoyment of the property for which the LESSEE is compensated.

36. **GENERAL MAINTENANCE OBLIGATION:** LESSEE, at its own expense, shall protect, preserve, maintain and repair the Leased Property together with any and all improvements located thereon and shall keep the same in good order and repair. LESSEE shall keep the sidewalks free from snow, ice, and other obstructions, and shall promptly remove all ashes, garbage and refuse of any kind from the Leased Property during this term. Further, LESSEE shall maintain the premises and buildings and other improvements located thereon in accordance with applicable local building, zoning, fire, housing, health, and other laws, ordinances and regulations.

37. **OPPORTUNITY FOR ADDITIONAL LEASE/RENTAL AGREEMENT:**

a. Provided LESSEE has performed to satisfaction of the GOVERNMENT, LESSEE shall during the duration of the rental agreement have the first opportunity to enter into Lease/Rental Agreements similar to this Lease/Rental Agreement for any additional on-base privately owned and operated bachelor enlisted quarters facilities which may be required at NAS Jacksonville, FL. The rentals to be charged in such Lease/Rental Agreements shall be subject to negotiation between the parties; subject to a requirement, however, that if the parties are unable to agree and execute such agreements within 90 days of written notification by the GOVERNMENT to the LESSEE of the availability of such opportunity, such opportunity shall immediately terminate without cost to the GOVERNMENT and have no further force and effect.

b. It is understood by the parties that the GOVERNMENT in no manner guarantees or obligates itself to any requirement or need for additional on-base privately owned and operated BEQ facilities. The GOVERNMENT may, at its full discretion, without cost to the GOVERNMENT or liability to the LESSEE, construct, operate and maintain existing and additional Government owned BOQs or functionally similar facilities.

38. **SUCCESSION AND ASSIGNMENTS:**

a. All of the covenants, conditions and obligations contained in this lease shall be binding upon and inure to the benefit of respective successors and assign of the LESSEE to the same extent as if the successors and assign were in each case named as a party to the lease. Any person, corporation or other legal entity acquiring any or all of the rights, title and interest of the LESSEE in and to leasehold estate in the Leased Property shall thereby become liable under and be fully bound by all of the provisions of this lease.

b. This lease or any part hereof shall not be conveyed, transferred, or assigned by the LESSEE or sold at foreclosure without the prior approval of the GOVERNMENT, which approval shall not be unreasonably or arbitrarily withheld so long as such assignee or purchaser has both experience and

expertise in the development, management, and operation of residential projects (or if it does not have such experience or expertise, it retains a reputable management agent which does) and a net worth determined acceptably by the GOVERNMENT, and consists of reputable individuals who have no conflicts of interest with the GOVERNMENT.

c. The assumption of the LESSEE's rights and obligations hereunder by a Mortgagee as described in Article ____ hereof shall not be considered an assignment of this lease.

39. MORTGAGES OF PREMISES:

a. Prohibited Encumbrances. Except as provided below, the LESSEE shall not:

(1) Engage in any financing or other transaction creating any mortgage upon the Leasehold Interest in the Leased Property,

(2) Place or suffer encumbrance to be; or

(3) Suffer any levy or attachment to be made on the LESSEE's leasehold interest in the Leased Property other than such levy or attachment as may result from a foreclosure of a Leasehold Mortgage. Any such mortgage, encumbrance or lien shall be deemed to be a violation of this covenant on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

b. Permitted Encumbrances. During the term of this lease, the LESSEE may encumber its Leasehold Interest in the Leased Property by way of one or more loans, secured by a Leasehold Mortgage. The proposed holder of any such Leasehold Mortgage must be approved by the Government prior to the execution of such loan. Any loan may be further secured by a conditional assignment of this lease by the LESSEE to the Leasehold Mortgagee. The Government agrees to execute an Estoppel Certificate and any other similar documentation as may reasonably be required by the Leasehold Mortgage so as to give its consent to the said conditional assignment of this lease and to certify as to the status of this Lease and the performance of the LESSEE hereunder as of the date of such certification. Notwithstanding any foreclosure, the LESSEE shall remain liable for the payment of the rent as provided in this lease and for the performance of all of the terms, covenants and conditions of this lease which by the terms hereof are to be carried out and performed by the LESSEE.

c. Notice of Mortgage. Promptly after assigning or encumbering the Leasehold Interest in the Leased Property, pursuant to subparagraph b above, the LESSEE shall furnish the Government with a written notice setting forth the name and address of such Leasehold Mortgagee.

d. Notice to the Government. The LESSEE shall notify the GOVERNMENT promptly of any lien or encumbrance which has been created on or attached to

the Leased Property or to the LESSEE's Leasehold Interest in the Leased Property therein whether by act of the LESSEE or otherwise of which the LESSEE itself has notice.

e. Rights and Obligations of Leasehold Mortgagee. If a Leasehold Mortgagee or purchaser at foreclosure of the Leasehold Mortgage shall acquire the Leasehold Interest in the Leased Property by virtue of the default by the LESSEE under the Leasehold Mortgage or otherwise, then in such event, this lease shall continue in full force and effect so long as the Leasehold Mortgagee or purchaser at foreclosure may not appoint an agent or nominee to operate the project on its behalf without obtaining the prior written approval of the GOVERNMENT; such approval shall not be unreasonably withheld so long as such proposed agent/nominee has experience/expertise in the development and operation of residential properties similar to the LESSEE, as determined by the Government. For the period of the time during which the Leasehold Mortgage or any purchaser at foreclosure of a leasehold Mortgage holds the Leasehold Interest in the Leased Property, the Leasehold Mortgagee or such purchaser shall become liable and be fully bound by the provisions of this Lease.

40. RIGHTS AND DUTIES OF LEASEHOLD MORTGAGEES:

a. With respect to the Leasehold Mortgagees, the GOVERNMENT agrees that the following shall apply:

(1) If requested by a Leasehold Mortgagee which shall have duly registered in writing with the GOVERNMENT its name and address, any notice with respect to a default or a termination of this lease from the GOVERNMENT to the LESSEE shall be simultaneously delivered to such Leasehold Mortgagees at its registered address, and in the event of any such registration no notice of default shall be deemed legally effective until and unless like notice shall have been given by the Government to such Leasehold Mortgagee.

(2) Such Leasehold Mortgagee entitled to such notice shall have any and all rights of the LESSEE with respect to the curing of any default hereunder by the LESSEE.

(3) The Government will not accept any surrender, cancellation or enter into any material modification of this lease without prior written consent thereto of each Leasehold Mortgage who shall become entitled to notice as provided in paragraph provided, however, that the foregoing shall not apply to any right the GOVERNMENT may have to cancel this lease pursuant to the terms hereof. It is also agreed that the LESSEE shall provide any such Mortgagee with notice of any proposed modifications.

b. If the Government shall elect to terminate this lease by reason of any default described herein, each Leasehold Mortgagee who shall have become entitled to notice as provided in this paragraph shall not only have any and all rights of the

LESSEE with respect to curing any default, but shall also have the right to postpone and extend the specified date for the termination of this lease (hereinafter called the "Termination Notice") subject to the following conditions:

(1) Such Leasehold Mortgagee shall

(a) Give the GOVERNMENT written notice of the exercise of the Mortgagee's Right to Postpone prior to the date of termination specified by the GOVERNMENT in the Termination Notice; and

(b) Simultaneously pay to the GOVERNMENT all amounts required to cure all defaults then existing (as of date of the exercise of Mortgagee's Right to Postpone) which may be cured by the payment of a sum of money.

(2) Such Leasehold Mortgagee shall

(a) Pay all sums for rent and other sums and charges due hereunder during the period from the date of the exercise of Mortgagee's Right to Postpone and thereafter during the period of postponement;

(b) Promptly initiate and diligently pursue all reasonable and necessary steps to acquire the LESSEE interest in this Lease and the Improvements; and

(c) Promptly undertake to cure, diligently prosecute and, as soon as reasonable possible, complete the curing of any other default of the LESSEE which is susceptible of being cured by such Leasehold Mortgagee

(3) The Mortgagee's Right to Postpone shall extend the date for the termination of this Lease specified in the Termination Notice for a period of not more than six (6) months. If at the end of said six (6) months' period such Leasehold Mortgagee shall be actively and in good faith engaged in steps to acquire the LESSEE's interest in this Lease and the Improvements, the time for such Leasehold Mortgagee to comply with the provisions of this Paragraph shall be extended, for such reasonable period as may be necessary under the circumstances provided that such Leasehold Mortgagee uses its best efforts and continues to diligently pursue all reasonable and necessary steps to acquire the LESSEE interest lease and improvement.

(4) If, before the date specified for the termination of this Lease is extended by such Leasehold Mortgagee's exercise of Mortgagee's Rights to Postpone,

(a) The LESSEE shall be duly removed from possession;

(b) The assumption required by paragraph of performance and observance of the covenants and conditions herein contained on the

LESSEE part to be performed shall be delivered to the GOVERNMENT to the Leasehold Mortgagee, or its nominee; and

(c) The Leasehold Mortgagee shall have complied with all obligations on LESSEE's part to be performed hereunder with no further default shall have occurred hereunder which shall not have cured within the periods of time after notice above provided for, then and in such event, all defaults under this Lease shall be deemed to have been cured, and the GOVERNMENT's Termination Notice shall have to be withdrawn.

c. Nothing herein contained shall be deemed to impose any obligations on the part of the GOVERNMENT to delivery physical possession of the Demised Premises to such holder of a Leasehold Mortgagee.

d. If more than the Leasehold Mortgagee shall seek to exercise any of the rights provided for in this paragraph, the holder of the Leasehold Mortgage having priority of lien over the other Leasehold Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Leasehold Mortgages regarding the priority of lien the Leasehold mortgages must prove to satisfaction of the GOVERNMENT that they have settled this dispute.

e. The Leasehold Mortgagee may not appoint an agent or nominee to operate the project on its behalf without first obtaining the written approval of the GOVERNMENT. Such approval shall not be unreasonably withheld so long as such agent/nominee has experience/expertise in the development and operation of dormitories similar to the LESSEE, as determined by the GOVERNMENT.

41. UTILITIES, RATES, CHARGES, TAXES AND ASSESSMENTS: LESSEE shall be responsible to pay all taxes, general or special, all public rates, dues and special assessments of every kind which may become due and payable or which are to be assessed against or levied upon said Premises during the term of this Lease. LESSEE will allow GOVERNMENT to deduct and retain out of any rent for said Premises all expenditures and sums of money as the GOVERNMENT shall pay on account of such rates, taxes, and assessments whether the same have accrued and become payable for in respect of the same period out of which the same shall be deducted provided GOVERNMENT shall give written notice of its intent to so act to the LESSEE at least thirty (30) days prior to any such payment. The LESSEE shall furnish GOVERNMENT copies of all notices and tax bills which may affect the valuation of the Premises for general real estate taxes purposes or which may affect the levy or assessment of general real estate taxes thereon. Such notices and tax bills shall be delivered or mailed within three days from the receipt thereof by the LESSEE to the GOVERNMENT's designated representative named in Article _____. The LESSEE shall cause payment of said general real estate taxes to be made under protest when requested to do so by the GOVERNMENT. The GOVERNMENT may contest the amount or validity of any valuation for general real estate taxes by tax purposes or of any levy or assessment of any general real estate taxes by appropriated legal proceedings either in the name of the GOVERNMENT or

the name of the LESSEE or both. The LESSEE upon reasonable notice and request by the GOVERNMENT shall join in any such proceedings, but the LESSEE shall not be subject to any liability for the payment of penalties, cost of expenses in connections with any proceedings brought by the GOVERNMENT. The LESSEE shall cooperate with the GOVERNMENT in any such contest or proceedings and execute any documents or pleadings required for such purpose provided the LESSEE shall reasonably be satisfied that the facts and data set forth in such documents or pleadings are accurate.

42. NOTICES: In no event shall the LESSEE enter into negotiations concerning the Lease with anyone other than the Contracting Officer or other authorized representatives of the Department of the Navy. All notices, other correspondence required under or arising from the terms of this Lease from the GOVERNMENT to the LESSEE, shall be served on or mailed to the LESSEE who shall notify the GOVERNMENT in writing of any change in the office to be notified. All notices, payment, or other correspondence required or arising from the terms of this Lease from the LESSEE to the GOVERNMENT shall be served on or mailed to the office of the Government's designated representative also referred to herein as the Contracting Officer. The Government's designated representative shall be:

Name _____
Address _____

Phone _____

The LESSEE's designated representative shall be:

Name _____
Address _____

Phone _____

43. RISK-OF-LOSS INSURANCE:

a. The LESSEE shall, at its own expense, provide and maintain during the entire performance period of this lease at least the kinds and minimum amounts of insurance listed below:

<u>Type of Insurance</u>	<u>Per Person</u>	<u>Per Accident</u>	<u>Property</u>
Comprehensive General Liability	300,000	1,000,000	100,000
Automobile Liability	300,000	1,000,000	100,000
Workmen's Comp.	As Required		

Other as required by state law.

b. LESSEE shall bear all risk of, loss of, or damage to the Leased Property arising from any cause whatsoever, with or without fault by LESSEE; provided, however, that LESSEE's liability for any loss or damage resulting from risks expressly required to be insured against under the lease shall not exceed the amount of insurance so required or the amount actually procured and maintained, whichever shall be greater; provided, further, that maintenance of the required insurance shall effect no limitation on LESSEE's liability with respect to any loss or damage resulting from the willful misconduct, lack of good faith, or negligence of LESSEE or any of its officers, agents, servants, employees, subtenants, licensees or invitees.

c. LESSEE shall procure and maintain, at its own expense, insurance on the Leased Property in such initial amounts and types as may exceed, but shall not be less than, the minimum amounts and type specified in this article herein. However, LESSEE shall provide, maintain, change or discontinue such insurance as the Local Government Representative may from time to time require and direct; provided, LESSEE's liability for loss of or damage to the Leased Property is modified accordingly; provided, further, that if any insurance requirement is so changed an equitable adjustment shall be made in the amount of the Rent or Maximum Amount to be Expended specified in Article _____ hereof so as to reflect any resultant savings or increased cost to Lease.

d. All insurance which this lease requires LESSEE to carry on the Leased Property shall be in such form, for such amounts, for such periods of time and with such insurers as the Government may from time to time require or approve. Each policy of insurance shall contain a provision for thirty (30) days written notice to the Local Government Representative prior to making of any material change in or the cancellation of the policy. LESSEE shall deliver promptly to the Local Government Representatives a certificate of insurance or a certified copy of each policy of insurance required by this lease and shall also

deliver to him, no later than thirty (30) days prior to the expiration of any such policy, a certificate of insurance or certified copy of each renewal policy covering the same risks. All insurance required or carried by LESSEE on any of the Leased Property shall be for the protection of the GOVERNMENT and LESSEE against their respective risks and liabilities in connection with Leased Property. Each policy of insurance shall name both LESSEE and the United States of America (Department of the Navy) as the insured, and each policy of insurance against loss of or damage to the Leased Property shall contain a loss payable clause reading as follows:

"Loss, if any, under this policy shall be adjusted with (_____) and the proceeds, at the election of the GOVERNMENT, shall be payable to (____); any proceeds, not paid to (____); shall be payable to the Treasurer of the United States.

e. In the event that any item or part of the Leased Property shall require repair, rebuilding or replacement resulting from loss or damage the risk of which is assumed by LESSEE under paragraph 1 of this Article, LESSEE shall promptly give notice thereof to the Local Government Representative and, to the extent of its liability as provided in paragraph 1 thereof, shall, upon demand, either compensate the GOVERNMENT for such loss or damage, or rebuild, replace or repair the item if items or items of the Leased Property so lost or damaged, as the GOVERNMENT may elect. In the event that the GOVERNMENT shall direct LESSEE to effect any repair, rebuilding or replacement which it is required to effect pursuant to this paragraph the GOVERNMENT shall direct the payment to LESSEE of so much of the proceeds of any insurance carried by LESSEE and made available to the GOVERNMENT on account of loss of or damage to any item or part of the Leased Property as may be necessary to enable LESSEE to effect such repair, rebuilding or replacement. In the event the GOVERNMENT shall elect not to require LESSEE to repair, rebuild, or replace any item or part of the Leased Property lost or damaged, LESSEE shall promptly pay to the GOVERNMENT out of any insurance proceeds collected by LESSEE such portion thereof as may be allocable to loss of or damage to Leased property. When compliance with a GOVERNMENT request to effect any repair, rebuilding or replacement of any lost or damaged item or part of the leased property would involve the incurring of cost in excess of lease liability for such loss or damage under this Article. LESSEE shall be under no obligation to effect same until after satisfactory agreement has been reached between the GOVERNMENT and LESSEE with regard to GOVERNMENT reimbursement of such excess cost to LESSEE.

44. REPRESENTATIONS: LESSEE has examined, knows and accepts the conditions and state of repair of the Leased Property and NAS Jacksonville of which it forms a part, and acknowledges that the Government has made no representation concerning such conditions and state of repair, nor any agreement or promise to alter, improve, adapt, repair or keep in repair the same, or any item thereof, which has not

been fully set forth in this lease which contains all the agreements made and entered into between the LESSEE and the GOVERNMENT.

45. **SUBJECTION TO EXISTING AND FUTURE EASEMENT AND RIGHTS OF WAY:** This lease is subject to all outstanding easements, and rights of way for location of any type of facility over, across, in and upon the Leased Property, or any portion thereof, and to the right of the GOVERNMENT to grant such additional easement and rights of way over, across, in and upon the Leased Property as it shall determine to be in the public interest; provided, that any such additional easement or right of way shall be conditioned on assumption by the Grantee thereof of liability to LESSEE for such damages as LESSEE shall suffer for property destroyed or property rendered unusable on account of Grantee's exercise of its rights thereunder. This hereby reserved to holders of such easements and rights of way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in construction, installation, maintenance, operation, repair, or replacement of facilities located thereon, and to any Federal, State or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Leased Property as shall be necessary for the performance of their duties with regard to such facilities.

46. **INDEMNIFICATION BY LESSEE - GOVERNMENT NONLIABILITY:** LESSEE covenants that it will indemnify and save and hold harmless the GOVERNMENT, its officers, agents and employees for and from any and all liability or claims for loss of or damage to any property owned by or in the custody of LESSEE, its officers, agents, servants, employees, subtenants, licensees, or invitees, or for the death of or injury to any of the same which may arise out of or be attributable to the condition, state of repair or LESSEE's use and occupancy of the Leased Property, or the furnishing of any utilities or services, or any interruption therein or failure thereof, whether or not the same shall be occasioned by the negligence or lack of diligence by LESSEE, its official, agents, servants or employees.

47. **LIENS:**

a. In case any liens shall at any time be filed against the LESSEE's Leasehold Interest of the Improvements constructed by the LESSEE, the LESSEE shall, within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If the LESSEE shall fail to cause such lien to be discharged within the aforesaid period, then in addition to any other right or remedy, the GOVERNMENT may, but shall not be obligated to, discharge such lien either by paying the amount claimed to be due, or by procuring the discharge of such lien by deposit or by bonding proceedings, or in any event the GOVERNMENT shall be entitled, if the GOVERNMENT so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to be paid the amount of any judgment in favor of the lienor, with interest, costs and allowances. Any amounts so paid by the GOVERNMENT for any such purpose, with interest thereon at the prevailing rate of interest for "90 Day U.S.

Treasury Bills" or its successor per annum from the date of any such payment, shall be repaid by the LESSEE to the GOVERNMENT on ten (10) days notice and shall be considered as additional rental hereunder.

b. Nothing in this lease shall be deemed or constructed in any way as constituting the consent or request of the GOVERNMENT, express or implied by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration or repair with respect to the Demised Premises of the Improvements, or any part thereof, nor as giving the LESSEE any right, power or authority to contract or permit the rendering of any services or the furnishing of any materials that would give rise to filing of any lien against the Demised Premises or the Improvement or any part thereof. Notice is hereby given that the GOVERNMENT shall not be liable for any work performed or to be performed or any materials furnished or to be furnished for the LESSEE or any sublessee upon credit, with respect to the Demised Premises, or the Improvements, and that no mechanic's lien for such work or materials shall attach to the interest of the GOVERNMENT in and to the Demised Premises.

48. **FAILURE OF GOVERNMENT TO INSIST ON COMPLIANCE:** The failure of the Government to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this lease shall not be construed as a waiver of relinquishment of the Government's right to the future performance of any such terms, covenant or conditions and LESSEE's obligation in respect to such future performance shall continue in full force and effect.

49. **GOVERNMENT RULES AND REGULATIONS:** Rules, regulations, and directives that are in effect or are issued during the lease term by the Department of the Navy and subordinate commands under their responsibility for law, order, administration, or security on the installation shall be applicable to all contractor personnel or representatives who enter the installation. These requirements include, but are not limited to, vehicle registration, maintenance of good order and discipline, security checks, control of drugs and alcohol, and building signage.

50. **PAYMENTS:** All payments to the GOVERNMENT required under this lease shall be made by check or postal money order made payable to the Department of the Navy and delivered to the local Government Representative.

51. **INTEREST:**

a. Notwithstanding any other clause of this lease, all amounts that become payable by the LESSEE to the GOVERNMENT under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due. The interest rate shall be the interest rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), which is applicable to the period in which the

amount becomes due, as provided in paragraph (b) of this clause, and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.

b. Amounts shall be due at the earliest of the following dates:

(1) The date fixed under this lease.

(2) The date of the first written demand for payment consistent with this lease, including any demand resulting from a default termination.

(3) The date the Government transmits to the LESSEE a proposed supplemental agreement to confirm completed negotiations establishing the amount of debt.

(4) If this lease provides for revision of prices, the date of written notice to the LESSEE stating the amount of refund payable in connection with a pricing proposal or a negotiated pricing agreement not confirmed by contract modification.

c. The interest charge made under this clause may be reduced under the procedures prescribed in 32.614-2 of the Federal Acquisition Regulation in effect on the date of this lease.

52. **ADMINISTRATION:** The Local Government Representative specified in Article _____ of this lease shall, under the direction of the Commanding Officer, Southern Division, Naval Facilities Engineering Command, have complete charge of the administration of this lease, and shall exercise full supervision and general direction thereof insofar as the interests of the Government are affected.

53. **SERVICES TO BE PROVIDED BY THE GOVERNMENT:**

a. General Base Security, as described by the rules and regulations of NAS Jacksonville, except that security of construction areas, materials, and operations during the construction period; and internal security specific to the operation of the finished facility are the responsibility of the LESSEE.

b. Fire Protection, as described by the rules and regulations of NAS Jacksonville.

c. Utilities, as described in Exhibit ____ of this lease.

d. All services not specifically designated to be provided by the GOVERNMENT are the responsibility of the LESSEE.

e. Liability of the GOVERNMENT will be in accordance with the provisions of the Federal Tort Claims Act, and subject to Congressional funding.

54. MISCELLANEOUS PROVISIONS:

a. If this lease or any term or provision thereof or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby and each term and provision of this lease shall have valid and be enforced to the fullest extent permitted by law.

b. The parties herein agree that nothing herein nor shall any prior agreements between the LESSEE and the GOVERNMENT be deemed or construed by the parties hereto or by any third party as creating or authorizing the creation of any partnership or joint venture between the GOVERNMENT and the LESSEE, it being understood and agreed that no provision of this lease, nor any act of the GOVERNMENT or the LESSEE hereafter shall be deemed to create any relationship between the Government and the LESSEE other than tenant and landlord.

c. The specified remedies to which the GOVERNMENT may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the GOVERNMENT may be lawfully entitled in case of any breach or threatened breach by the LESSEE of any provisions of this lease. The failure of the GOVERNMENT to insist in any one or more cases upon the strict performance of any other the covenants of the lease on the part of the LESSEE to be performed or to exercise any option herein contained shall not be construed as a waiver or relinquishment for the future of such covenant or option. Payment by the GOVERNMENT of the rental with knowledge of the breach by the LESSEE of any covenant shall not be deemed a waiver of such breach and no waiver by the GOVERNMENT of any provisions of this lease shall be deemed to have been made unless expressed in a writing signed by a duly authorized agent of the GOVERNMENT.

55. EXECUTION BY LESSEE

NAME OF LESSEE _____

BY _____

(Signature)

(Witness)

(Title)

(Date)

56. FOR CORPORATE LESSEE, CERTIFICATION BY SECRETARY OR ASSISTANT SECRETARY OF THE CORPORATION

I certify that the person who signed this lease on behalf of lessee was then the officer indicated and this agreement was duly signed for and on behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Signature)

(Title)

57. EXECUTION FOR AND ON BEHALF OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA

BY _____
(Contracting Officer) (Date) (Witness)

SERVICE IDENTIFICATION DATA

NAME AND ADDRESS OF ACTIVITY

LOCAL GOVERNMENT
REPRESENTATIVES/ TITLE AND ADDRESS

ADDRESS OF LESSEE

APPENDIX J

**PARAMETERS FOR A PUBLIC-PRIVATE VENTURE
IN BACHELOR OFFICERS' QUARTERS
AT BETHESDA NAVAL MEDICAL CENTER**

PREFACE

Appendix J was originally published separately as a temporary LMI position paper with a restricted distribution. We have reprinted it here with no changes. Thus, material in the original document or appended to it bears the same numbering and designation it did when previously published.

POSITION PAPER

PARAMETERS FOR A PUBLIC-PRIVATE VENTURE IN BACHELOR OFFICERS' QUARTERS AT BETHESDA NAVAL MEDICAL CENTER

This paper presents the parameters that should be used for a public-private venture bachelor officers' quarters (BOQ) at Naval Medical Command National Capital Region (NMCNCR) Bethesda, Maryland. It is based on the supply and demand analyses of hotel, conference center, and meeting room space at NMCNCR and in the Washington, D.C. metropolitan area and on our experience with the hotel industry in setting the parameters for similar facilities at NSB New London and NETC Newport.

Recommendations

Our recommendations are summarized as follows:

1. A request for proposals (RFP) should be issued for a privately owned, maintained, and operated transient BOQ at NMCNCR.
2. The minimum size should be 240 rooms, and they should be specified to meet the Navy's requirements for transient officer quarters. For example, the minimum size should be 250 net square feet per room. Beyond these minimums, however, the facility should be designed and built to commercial standards.
3. The Navy should offer an occupancy guarantee of 90 percent. This guarantee presents little risk for the Government but allows the contractor to bond finance at much lower interest rates.
4. The facility should not include a conference center or open mess. Neither function is financially feasible.
5. The contractor should be encouraged to build more than the minimum 240 rooms to accommodate "Other Authorized Users" (OAUs), defined as military officers on leave, officer retirees, DoD contractors, and transient personnel to the National Institutes of Health (NIH) and similar Federal Government agencies in the area. The Government will not guarantee occupancy of these rooms and they will be built

at the contractor's risk. However, the potential revenue from them will reduce the room rate the Government will have to pay for its transient personnel.

6. The siting should be determined by the Navy but, at a minimum, should allow sufficient space for a 332-room facility. This will accommodate the additional rooms the contractor may build for the OAU's.

7. The contractor will be permitted to offer rooms to OAU's if they have not been reserved by the Government 21 days in advance.

8. The term of the facility lease should be 20 years and the term of the land lease to the contractor should be forty years. This additional 20 years on the land lease will serve as a "good faith" gesture that the Government will probably have need of the BOQ beyond the 20-year facility lease. The Government cannot obligate itself beyond 20 years for the facility, however, because of the limitation imposed by 10 USC 2809.

9. The expected room rate under current assumptions is \$26 to \$32 per day.

10. Recommend NIH be kept abreast of the Navy's plans and encouraged to use the BOQ for its transients. It was assumed, however, that they would not participate in the occupancy guarantee.

Factors Determining the Size and Composition of the Facility

Demand analysis of the potential users of a BOQ produced the expected demands listed in Table 1. This table also shows the authorized lodging allowances for each category of demand and the prices the members of each category are paying for current off-base accommodation. This provides an estimate of the maximum room rate the members of each category would be willing to pay to stay in an on-base BOQ. Table 1 is divided into two parts. The first part lists the categories that would be willing to pay the room rates expected from a public-private venture (PPV) BOQ. The second part lists those that would not. This second group has a high demand for accommodations but they are not reimbursed sufficiently to enable them to stay in a PPV BOQ. For permanent party officers, for instance, the amount available for quarters comes from their basic allowance for quarters (BAQ) and their variable housing allowance (VHA). A weighted average of these two allowances amounts to only \$22.02 per day and they would have to make up the difference out of their own

TABLE 1
ESTIMATED DAILY DEMAND FOR SLEEPING ROOM IN THE PROPOSED BOQ

Categories that would be attracted by PPV room rates						
Market segment	Destination/ Place of employment/ Place of Hospitalization	Estimated daily demand for the rooms in the proposed BOQ ^a	Estimated daily room rate potential	Maximum per diem lodging cost to U.S. Government February 1988	Lowest cost for daily rentals of single rooms in the economy	
					Private homes	Hotels
Transient officers & DoD civilians	NMCMR	82		\$84 00	N/A	\$37 00
Patients	NIH	70		\$40 00 - \$60 00	\$10 00 - \$15 00	\$37 00
Conference attendees	NIH	43	\$40 00 - \$60 00	\$84 00	N/A	\$37 00
Out-patients (active duty and active duty dependents)	NMCMR	147	\$40 00 - \$50 00	\$84 00	N/A	\$37 00
In-patients (active duty and active duty dependents)	NMCMR	8	\$40 00 - \$50 00	\$84 00	N/A	\$37 00
Civilian contractors	NMCMR	9		\$84 00	N/A	\$37 00
PCS families	NMCMR	4	\$30 00 - \$40 00	None	\$10 00 - \$15 00	\$37 00
All others (leave & retirees)	Washington Area	25 - 50	\$40 00 - \$60 00	None	\$10 00 - \$15 00	\$37 00
Total		388 - 413				
Categories that would not be attracted by PPV room rates						
Market segment	Destination/ Place of employment/ Place of Hospitalization	Estimated daily demand for the rooms in the proposed BOQ ^a	Estimated daily room rate potential	Per diem allowance (NHA/BAQ) cost to U.S. Government February 1988	Lowest cost for daily rentals of single rooms in the economy	
					Rooms in Private homes	Hotels
Permanent party officers	NMCMR	114		\$22 02	\$10 00 - \$15 00	\$37 00
Geographic bachelors	NMCMR	88	\$10 00 - \$15 00	None	\$10 00 - \$15 00	\$37 00
In-patient (military retired and their dependents)	NMCMR	3	\$10 00 - \$20 00	None	\$10 00 - \$15 00	\$37 00
In-patient and out-patient relatives	NIH	5	\$10 00 - \$20 00	\$15 00 ^b	\$10 00 - \$15 00	\$37 00
Out-patients (military retired and their dependents)	NMCMR	123	\$10 00 - \$20 00	None	\$10 00 - \$15 00	\$37 00

Source: Pannell Kerr Forster

Note: N/A = Not applicable

^a Based on research, these are the number of rooms which would potentially be demanded at the proposed BOQ for one of the following reasons: location, mandatory housing assignment, reasonable room rates, if rooms were constructed to house some permanent party officers, they would have kitchenettes

^b This is the per diem allowance that NIH would give a relative of a patient if they are staying with patient

pockets. Moreover, it would be for a hotel room, not the small apartment with a kitchen that they are authorized.

Categories of demand listed in the second part of Table 1, such as permanent party officers, could be subsidized from per diem funds. This would work by raising the room rate charged to transient personnel on per diem and lowering the rate for permanent party. It was assumed, however, that such a policy would not be desirable.

There are several other assumptions that apply to the data in Table 1. First, it was assumed that Building 11, the current BOQ, would be converted to a dormitory as is currently planned. This would eliminate 36 substandard transient rooms and 4 VIP rooms. Second, it was assumed that it would be made mandatory for the military, DoD civilians, and NMCNCR patients on per diem to stay in the PPV BOQ if rooms were available. Third, it was assumed that the current practice of precertifying non-availabilities would be stopped. This would require transient personnel to check in with the NMCNCR billeting office to see if rooms were available in the PPV BOQ.

Although the demand in the first part of Table 1 is far higher than the recommended 240 rooms, a great deal of it comes from NIH. Without NIH participation in the occupancy guarantee, there is little advantage for the Navy to assume the risk for their demand and contract for a larger facility. Instead, NIH demand will be added to the "Other Authorized User" (OAU) list together with the retirees, DoD contractors, and personnel on leave. These OAUs amount to a sizable market in the Bethesda area. The contractor will be encouraged to build additional rooms, at his own risk, to accommodate this market and increase his revenues. This would lower the room rate he can offer. The addition of the NIH demand to the OAU list provides a quantifiable and verifiable demand that will give credibility to the size of the OAU market in the Bethesda area. Any agreements or understandings with NIH which commit them to use the PPV BOQ will increase the level of OAU credibility and further encourage the contractor to build additional rooms.

The siting for the BOQ should anticipate these additional rooms for OAU. If the contractor builds to the maximum expected OAU demand, the facility would have 413 rooms. This amounts to 166,000 gross square feet, or a "footprint" of 41,500 gross square feet for a four-story building. Even a conservative estimate of

OAU demand points to a 332-room facility with a footprint of 33,400 gross square feet. This conservative estimate should be used as a minimum guideline for choosing a site. Parking area of two spaces for every three rooms should also be anticipated. For the economic analysis for this paper, a MILCON cost of construction was determined from the DoD pricing guide. A site support cost of 15 percent of construction costs was assumed and a special site condition cost of \$500,000 was added.

Specifications for the facility design should be kept to a minimum. Those in the NETC Newport and NSB New London RFP should be used as a guide. They insure that the Navy gets its basic requirements, such as room size and adherence to the Navy Life Safety Code, but they also allow the contractor to use his experience in the hotel industry to produce an efficient, imaginative design.

Occupancy Guarantee

The 90 percent occupancy guarantee provides economic benefits to the Government with little Government risk. The guarantee requires that if average occupancy in any quarter falls below 90 percent of 240 rooms (i.e. 216 rooms), the contractor will be paid the difference from Government operations and maintenance funds. This figure of 216 rooms is less than the expected demand from official travelers. Moreover, a room occupied by any category of user counts towards the guaranteed level so that personnel on leave, retirees, and NIH patients will all count in favor of the Government. The chance of falling below the occupancy guarantee is therefore extremely remote. The benefits, however, are substantial. An occupancy guarantee is interpreted by the financial community as a guaranteed Government payment. This will allow the contractor to finance the project with high-rated bond financing instead of conventional mortgaging. This does two things. First, it allows an interest rate usually four percent lower and second, it allows 100 percent financing instead of 75 or 80 percent. These two advantages substantially lower the contractor's debt service and allow him to offer much lower room rates. (Table 2).

NMCMC Bethesda is a candidate to test a contract without Government guarantees. The contract would be awarded under the authority of 10 U.S.C. 2667 instead of 2809. Bethesda would be a good site to test 10 U.S.C. 2667 since the other authorized user market is large and the NIH portion can be fairly easily verified by potential offerors. The cost of this test, however, amounts to a higher expected room

TABLE 2
ROOM RATES UNDER VARIOUS ASSUMPTIONS

Assumptions	1	2	3	4	5
Guarantee offered	Yes	Yes	Yes	Yes	No
Contract term (years)	20	20	20	20	40
Loan period (years)	20	20	20	20	30
NIH Market Captured (%)	0	25	40	50	40
Size of facility (rooms)	287	315	332	343	332
Expected room rate (\$)	27	26	26	24	28
Comparison to MILCON (%)	79	82	83	82	99

SOURCE: BQ Analysis System (BAS) Model.

rate. The net present value of this higher rate, inflated and discounted over 20 years, is estimated at \$3.5M. The Navy must weigh this expected cost against the value of the information.

A compromise may be possible, however, by issuing a two-tier RFP. The first tier would request proposals for a 20-year contract with the occupancy guarantee. The second tier would request proposals for a 40-year contract with no guarantees. The RFP would make it clear that each tier would be evaluated separately and award would be based on the most favorable tier proposed. Comparison of the proposals in each tier would provide the information the Navy needs to compare the merits of 10 U.S.C. 2667 with those of 2809. The disadvantages, however, are a more complex RFP and more work in the proposal evaluation phase. Once again, the Navy must weigh the value of this comparison before this two-tier approach is pursued.

Consideration of a Conference Center

We do not recommend that a conference center be included in this project. This conclusion was reached after an in-depth look at the supply and demand of conference space in the Washington D.C. metropolitan area.

Initially, the prospects of a successful conference center at NMCNCR seemed good. The 11 commands on the base currently hold 2,235 meetings per year in the base's 16 conference rooms, classrooms, and auditoriums. These meetings consume

200,474 person meeting days per year. In addition, four of the commands regularly use off-base meeting facilities and two more expect to in the future. Across the Rockville Pike, the NIH conference center holds 200 meetings per month, far higher than Montgomery County's average of 72. In addition, Federal and District of Columbia agencies pay for off-site meetings amounting to 122,749 person meeting days per year.

In the private sector, there are 17 conference or meeting facilities in Montgomery County and 7 more in the Washington metropolitan area. These are experiencing a 64 percent usage level - higher than the 55 to 60 percent industry average and indicative of a shortage of conference center space in the private sector. Initial indications, then, seemed favorable for a PPV conference center at NMCNCR to serve the Government and be subsidized by civilian sector use.

Continued study, however, revealed some serious shortcomings with this scenario. The undercapacity in conference space has been noted by the industry and a major boom is underway to construct facilities which will increase capacity by 40 percent over the next five years. Eleven conference centers are under design or contract. Three are slated for Montgomery County. Two of these, the Traville Conference Center (200 rooms, 40,000 to 50,000 square feet) and the University of Maryland Executive Conference Center (150 rooms, 65,000 square feet), are due to open in late 1989 or early 1990. The third is the huge Marriott Training Center (500 rooms, 150,000 square feet). Two others, the Marriott at Fairview Park (300 rooms, 35,000 square feet) and the Westfields International Conference Center (345 rooms, 30,000 square feet) are also large facilities and due to open in early 1989. Both of these are targeted at Government meetings as well as corporate and executive ones. All eleven new facilities will be state-of-the-art conference centers and the market is about to become extremely competitive.

At NMCNCR, a 25,000 square foot conference facility would take care of 80 to 85 percent of the existing and future demand from the 11 commands. This is the industry's minimum economic size. Discussions with the commands, however, revealed that they are reluctant to pay for conference or meeting space. Of the 200,474 person meeting days currently used, it is estimated that the commands would be willing to pay for less than half, even at rates of 30 percent of market. At those rates the facility would not be profitable. The commands either cannot afford to pay for the space or some meetings, such as local award ceremonies, do not lend

themselves to a conference center. Adding the expected capture rate of the demand from NIH and other Federal and local government agencies will still not achieve the usage level required. The most favorable economic projection occurred at rates set at eighty percent of market. Even at these rates, however, the facility did not break even until year ten. To be economically viable, then, the conference center would have to open its doors to the private sector and compete in an environment which is about to become extremely competitive.

A conference center on a Naval base, however, would be in a poor position to compete with those in the private sector. The need to give priority, sometimes on short notice, to Naval needs will reduce the center's customer responsiveness to the private sector. Moreover, to be competitive, the center would have to provide accommodations for out of town conferees. By industry standards a 25,000 square foot facility needs 250 to 300 hotel rooms to support it. These rooms would have to be dedicated to conference center use since conferences are booked months and sometimes years in advance. Once again, however, the Navy's requirement to have priority of rooms for transients would reduce the center's customer responsiveness. The alternative of building these 250 to 300 rooms in addition to the 240 rooms the Navy needs would produce a huge facility. Moreover, because of slack time between conferences, hotel rooms dedicated to conference centers are completely full only 30 to 35 percent of the time. Hotels in the private sector try to overcome this low usage by offering low weekend packages and off-season specials to the general public, none of which would be appropriate for a Naval base.

Security requirements at NMCNCR would also reduce customer responsiveness. During a visit by the President, for instance, the Secret Service may restrict access to the base, especially in times of high terrorist activity. Such restrictions would disrupt any conferences and not be good advertising.

Finally, the amenities offered by a NMCNCR conference center could not compete with those in the private sector. Corporate and executive conferees expect swimming pools, fine restaurants and other amenities. Although there are ample food and beverage facilities on NMCNCR, they are not targeted for the conferee market.

For all of these reasons, a conference center at NMCNCR would not successfully compete in the area's developing conference center market. Without the

private sector, the expected demand from NMCNCR commands, NIH, and other agencies of the Federal Government and the District of Columbia would not be sufficient to support a conference center.

Consideration of a Restaurant and Club

We do not recommend that a restaurant be included in the facility. There are currently enough on-base food and beverage facilities to serve the additional demand that would be generated by the BOQ. The officers' club could handle the visitors who chose to eat on base, and enjoy the additional revenues without taxing its capacity. In fact there are currently six food and beverage facilities on base which provide a variety of choices and adding a seventh in the BOQ would not be cost effective. Moreover, closing the existing officers' club and including the function in the new BOQ would also not be cost effective. The existing facility has no debt burden on NAF, whereas the debt burden for a new facility would be born by higher prices or reduced income to the NAF. Moreover, a new club in the BOQ would have to accommodate both the officers' and enlisted clubs from the current facility since the enlisted club alone could not support the cost of operating the current facility. It was assumed that an enlisted club in a BOQ would not be desirable.

Miscellaneous Parameters

The term of the facility lease should be twenty years. This is the maximum allowed under the authorizing legislation and is the minimum the industry would consider. The land, however, is leased to the contractor under different legislation and there is some advantage in leasing it for forty years. The additional twenty years would serve as a good faith gesture that the Government has a need for BOQs beyond the twenty-year contract term. These additional years would be very lucrative to a contractor if the Government renews the facility lease since the building will already be amortized. This perception should encourage lower bids on room rates as offerors weigh the risks of the Government's future needs.

The contractor should be allowed to offer any room in the BOQ to other authorized users if it has not been reserved, by name or in block, by the Government within 21 days. This causes little inconvenience to the Government since both school and patient needs are known well in advance of 21 days. It allows the contractor, however, the stability to effectively market to the potential OAU customers.

APPENDIX K

**MARKET AND FINANCIAL POTENTIALS
FOR A CONFERENCE/MEETING CENTER
AT BETHESDA NAVAL HOSPITAL
BETHESDA, MARYLAND**

PREFACE

Appendix K was originally prepared by GA/Partners Incorporated under a subcontract with LMI and published separately with a restricted distribution. We have reprinted it here with no changes. Thus, material in the original document or appended to it bears the same numbering and designation it did when previously published.

MARKET AND FINANCIAL POTENTIALS
FOR A CONFERENCE/MEETING CENTER
AT BETHESDA NAVAL HOSPITAL
BETHESDA, MARYLAND

Prepared Under a Subcontract to

LOGISTICS MANAGEMENT INSTITUTE

On Behalf of

U.S. NAVY
NAVAL FACILITIES AND ENGINEERING
COMMAND

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By

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Economic Consultants
Real Estate Counselors
Appraisers

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SECTION I

INTRODUCTION AND SUMMARY OF FINDINGS

SECTION I
INTRODUCTION AND SUMMARY OF FINDINGS

This study sets forth an assessment of the market potentials for and potential net operating income (NOI) available from a conference facility, if developed at the Bethesda Naval Hospital Command, Bethesda, Maryland. The basic objective of this study is to determine the suitability and susceptibility of such a facility for "third party", private financing.

Specifically examined within the study has been:

1. The potential magnitude and characteristics of conference type meeting activity currently generated by the 11 Commands at Bethesda Naval Hospital (BNH), including their frequency, duration, attendance characteristics, and current practices with regard to preferred/actual meeting venue and ability to pay.

Concurrent with the examination of on base potential user demand currently captive to BNH, parallel market investigations have been conducted with regard to conference type meeting demand presently and prospectively generated by allied medical activities, notably The National Institutes of Health (NIH).

In addition to the above, market investigations have also been conducted in the potential level of conference type demand generated by other Federal agencies in Montgomery County and lastly by prospective civilian users.

2. In concert with market demand investigations, careful consideration has been given to the current inventory of existing and planned competitive conference facilities at three geographic levels: (1) lower Montgomery County, in proximity to the BNH, (2) the balance of Montgomery County, and (3) the remainder of the Suburban Washington Metropolitan area.

Detailed profiles of existing and planned/proposed conference facilities have been prepared and evaluated, including physical characteristics (size, meeting room complement, etc.), level of service and pricing, current user profiles, and the like.

3. Based on the scale of potential demand and the supply outlook for competitive conference/meeting facilities, demand projections for conference type facility at BNH, at three specific pricing levels (at market, at 80 percent of market, and at 30 percent of market) have been formulated. These pricing levels reflect current policies and practices with regard to priority commitments for utilization of BNH meeting facilities, and practices for budgeting and contracting for offsite facilities, the nature and use of conference type facilities, and the outlook for increased conference type meeting activities, specifically by those BNH commands currently using off-base civilian conference facilities as well as current practices and policies of neighboring NIH.
4. Lastly, a projection of potential annual net operating revenues (NOI), annual operating revenues, less annual operating expenses, over a ten year period has been prepared, reflecting prospective demand levels at three pricing tiers, and annual direct operating costs associated with the level of prospective demand.

Not considered as part of the study has been specific physical characteristics and configuration of a conference facility, if developed at BNH Command. However, for the purposes of analyzing prospective levels of demand and associated net operating revenue characteristics, a facility on the order of the size of 25,000 gross square feet has been utilized. This size of facility would accommodate approximately 80-85 percent of the existing and prospective demand levels directly required by Commands at BNH, at all pricing levels, as well as is a threshold size of competitive civilian conference facilities, based on existing and currently planned facilities. In addition, this study does not address ownership or management of such a facility, if developed at BNH.

Findings and Conclusions

The principal findings and conclusions from this assessment, are as follows:

1. Presently, only four commands at Bethesda Naval Hospital, currently require and regularly use, off-base civilian conference facilities, chiefly in available, proximate hotels in lower Montgomery County and the Xerox Training Center in Loudoun County, Virginia. Off-base demand utilization by these Commands reflects the lack of available

competitive space present at BNH as well as the level of utilization currently associated with conference/classroom type meeting room facilities currently available at BNH.

At present, six commands at BNH have foreseeable off-base conference/meeting requirements, annually. In depth interviews with all commands, indicate a variable level of foreseeable growth and demand, both in the number of meetings as well as attendance at these. In some cases, off-base conference meeting requirements are generated by the lack of available or adequately sized meeting facilities at BNH.

Not considered within the scope of this study has been the level, type, and frequency of conference type meeting requirements at other Navy commands, in the Greater Washington Metropolitan area. At present, there is no unified or single source of information on the nature of conference type meeting activities generated by other Navy commands in the greater Washington Metropolitan area. In principle, however, these could be "captive" to a conference/meeting facility, if developed at BNH.

2. A substantial amount of "meeting activity", per se, currently occurs at BNH. A majority of these meetings occur in on-base facilities (e.g., conference rooms, class rooms, and auditoriums). Existing meeting facilities at BNH currently evidence a relatively high level of utilization. There is, however, no centralized coordination of meeting need requirements and available meeting space at BNH, at present. As a result, there are policies and practices for booking and reserving conference type meeting space which vary by the command controlling the applicable space; in part, this also influences current utilization patterns, according to surveys conducted during this study. As a matter of general policy, existing conference/meeting space is generally used, if and when available, as there is no direct cost associated with use of this space.
3. A similar, though not identical level of demand patterns are evidenced from the National Institutes of Health (NIH). In general, conference meeting activities are generally accommodated onsite, except where such space is not available or size capacity constraints exist. In these cases, NIH offsite

conferences are generally budgeted for and committed to well in advance. A critical consideration in NIH needs and requirements for conference type meeting space is proximate hotel rooms.

A substantial level of conference type meeting activity presently occurs by federal agencies located in Montgomery County as well as civilian corporations and civic type groups. In general, however, these meetings require an inventory of adequate to higher quality, overnight hotel accommodations, as attendees at these conferences are drawn from beyond the Washington Metropolitan area and stay several days. Without a "committable" inventory of proximate or adjacent hotel rooms, it is unlikely that this category of users would be drawn to a conference/meeting type facility at BNH.

4. At present, there are 13 conference/meeting facilities presently located in lower Montgomery County and an additional 5 are in the remainder of Montgomery County. Of those presently located in Montgomery County, only two (NIH and National Bureau of Standards) do not have hotel room accommodations. In addition to conference/meeting facilities presently in Montgomery County, there are another 6 major convention/conference oriented hotels, in the balance of the Suburban Washington Metropolitan area.

All existing conference/meeting facilities throughout the Suburban Washington Metropolitan area are presently operating at relatively high occupancy level. All report an intent to reduce the level of their "government business", in favor of higher rate paying civilian customers. Further, in most cases hotels providing conference/group meeting facilities provide this space at no or low cost, if a sufficient number of hotel rooms are booked concomitant with the use of the conference/meeting space in their properties.

A substantial number of new conference/meeting facilities are presently planned or proposed to open, throughout the Suburban Washington Metropolitan area in the next five years. As shown below, a total of 11 facilities, are on the "drawing boards", with 3 to be located in Montgomery County, of which 2 are expected to be open in 1989.

SUMMARY OF PLANNED AND PROPOSED
CONFERENCE AND MEETING FACILITIES

<u>Geographic Area</u>	<u>1989</u>		<u>1990</u>		<u>1991+</u>	
	<u>Number</u>	<u>Square Feet</u>	<u>Number</u>	<u>Square Feet</u>	<u>Number</u>	<u>Square Feet</u>
Montgomery County	<u>2</u>	<u>110,000</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>150,000</u>
	2	110,000	--	--	1	150,000
Other Suburban Washington, D.C.						
Metro Area	<u>1</u>	<u>30,000</u>	<u>2</u>	<u>70,000</u>	<u>4</u>	<u>NA</u>
	1	30,000	2	70,000	4	NA
Total	3	140,000	2	70,000	5	NA

Source: GA/Partners Incorporated Survey, January 1988.

All presently proposed conference/meeting facilities are to be highly competitive and are proposed to contain a larger complement of meeting room/conference space than is generally available at existing competitive conference/meeting facilities in the Suburban Washington Metropolitan area. In addition, all are to contain a substantial complement of overnight hotel rooms, committable to conference/meeting customers.

5. On an annual revenue to cost basis, a conference type facility, if located at the BNH, would not likely be profitable, at any of the three pricing tiers examined in this study. At "market rate" pricing, a free standing, conference center at BNH, would be unable to generate a sufficient level of occupancy to reach a "breakeven", against fixed operating costs. At lower pricing tiers, occupancy and utilization of such a facility would rise in one case dramatically; however, annual revenues would be insufficient to offset fixed and variable annual operating costs, before debt service.

The basic conclusion of this study is that within the parameters specified, a conference facility, particularly a

freestanding conference facility, at BNH, would not be feasible nor suitable for third party financing. A significant issue here, not examined within the scope of this study, is the extent to which there are other "captive" conference/meeting activities associated with all Navy commands, located in the Greater Washington Metropolitan area that could be directed at such a facility at the BNH so as to assure, with a high degree of probability, a volume of annual meeting demand, at or near market rates, which would justify and cover not only annual operating expenses but potential debt service associated with such a facility.

It is a basic conclusion of this study that market conditions for conference/meeting facilities, in the years to come, will continue to be extremely competitive. This market context, in our opinion does not singularly eliminate the need for and/or desirability of such a facility at BNH. If there are compelling internal Navy requirements, whether for matters of convenience, security, or operational efficiency to utilize, on a priority and high frequency basis, a dedicated conference/meeting facility, such a facility at BNH could be conceivably profitable, on its own merits.

SECTION II

A PROFILE OF COMPETITIVE CONFERENCE FACILITIES
THE SUBURBAN WASHINGTON METROPOLITAN AREA

SECTION II
A PROFILE OF COMPETITIVE CONFERENCE FACILITIES
THE SUBURBAN WASHINGTON METROPOLITAN AREA

This section sets forth a view and profile of the size, nature, and characteristics of existing and planned/proposed conference/meeting facilities in the Suburban Washington Metropolitan area. Detailed characteristics, by facility are contained in Appendix A, of this report.

Profile of Existing Facilities

Table 1 summarizes existing conference/meeting facilities in three geographic tiers throughout the Suburban Washington Metropolitan area: (1) lower Montgomery County, (2) the balance of Montgomery County, and (3) the remainder of the Suburban Washington Metropolitan Area. In total, there are 19 existing conference/meeting facilities presently in Montgomery County. The majority of these facilities (13 out of 19) are in lower Montgomery County, proximate to the Bethesda Naval Hospital (BNH).

Table 1

<u>SUMMARY PROFILE</u>				
<u>EXISTING CONFERENCE/MEETING FACILITIES</u>				
<u>SUBURBAN WASHINGTON METROPOLITAN AREA</u>				
<u>Location/Name</u>	<u>Number of Rooms</u>	<u>Capacity</u>	<u>Available Overnight Rooms</u>	<u>Annual Occupancy</u>
<u>Lower Montgomery County</u>				
1. American College of Cardiology	8	293	--	80%
2. Bethesda Holiday Inn	12	1,453	270	60%
3. Bethesda Marriott	13	1,055	397	80%
4. Bethesda Ramada	6	400	163	NA
5. Guest Quarters	5	290	187	35%
6. Bethesda Hyatt	14	1,740	380	75%
7. Linden Hill Hotel and Racquet Club	8	515	256	52%
8. NIH	11	405	--	NA
9. National 4-H Center	18	1,565	254	65%
10. Holiday Inn	3	525	227	NA
11. Rockwood Manor Park	4	123	19	50%
12. Holiday Inn - Silver Spring	5	1,100	229	65%
13. Sheraton Inn - NW	12	1,170	293	NA
Average	19	814	243	64% est.

Table 1 (Continued)

SUMMARY PROFILE
EXISTING CONFERENCE/MEETING FACILITIES

<u>Location/Name</u>	<u>Number of Rooms</u>	<u>Capacity</u>	<u>Overnight Rooms</u>	<u>Annual Occupancy</u>
<u>Upper Montgomery County</u>				
14. Sheraton Potomac	6	370	177	50%
15. Ramada Hotel - Rockville	10	1,500	166	50%
16. Holiday Inn - Crown Plaza	13	1,675	309	45%
17. Holiday Inn - Gaithersburg	11	632	316	60%
18. Gaithersburg Marriott	4	395	302	60%
19. National Bureau of Standards	10	1,538	--	NA
Average	9	837	246	50%
<u>Other Suburban Washington Metro Area</u>				
1. Center for Adult Education, College Park, MD	20	NA	105	40%
2. Raddison - Mark Plaza, Alexandria, VA	21	1,974	72	60%
3. Xerox Training Center, Leesburg, VA	60	NA	930	87%
4. Marriott - Dulles Marriott, Chantilly, VA	16	1,450	375	NA
5. Sheraton International Conference Center, Reston, VA	18	2,100	302	50%
6. Sheraton Tysons Corner, Vienna, VA	25	3,400	455	NA
Average	27	2,231	373	49%

Source: GA/Partners Incorporated Survey, January 1988.

On average, existing conference/meeting facilities in lower Montgomery County are principally in hotels and contain 19 meeting rooms, have the capacity to accommodate 814 attendees, and have 243 available overnight (i.e., hotel) rooms. Occupancy levels at existing facilities in lower Montgomery County are relatively high -- an estimated 64 percent. The largest facilities in lower Montgomery County are: (1) The National 4-H Center with 18 separate meeting rooms, an overall capacity to accommodate 1,565 attendees, and 254 available overnight rooms and (2) the Bethesda Hyatt with 14 separate meeting rooms, an overall capacity to accommodate 1,740 attendees and 380 overnight rooms. The only conference/meeting facilities without overnight accommodations are the American College of Cardiology and NIH in lower Montgomery County and the National Bureau of Standards in upper Montgomery County.

Conference/meeting facilities currently available in the balance of Montgomery County, are in 6 hotel properties, with an average of 9 meeting rooms, with an overall average capacity of 837 attendees, per meeting and with 246 overnight hotel rooms. Recent occupancy levels, at facilities in this area of Montgomery County are slightly below competitive facilities in lower Montgomery County, at an estimated 50 percent.

There are 6 other major conference/meeting facilities, principally, but not exclusively hotel properties that have been identified as competitive, conference/meeting in the remainder of the Suburban Washington Metropolitan area.^{1/} These facilities have on average 27 of meeting rooms. The Xerox Training Center, in Leesburg Virginia is the largest of these competitive conference/meeting facilities, with 60 meeting rooms and a capacity of over 900 attendees.

On average, these facilities can accommodate a capacity of 2,731 attendees, with the Sheraton Tysons Corner reporting the highest capacity at 3,400 attendees, within available meeting space. All have a complement of available overnight rooms, with the Xerox Training Center the largest with 930 overnight rooms.

Table 2 summarizes the "user profile" and meeting mix presently occurring at existing conference and meeting facilities.

Of the existing conference/meeting in Montgomery County, their facilities average 72 meetings, a month. The highest reported level of annual monthly meetings is at NIH (200 per month), followed by the Bethesda Marriott (160 per month), and the Bethesda Ramada (110 per month).

^{1/} Conference/meeting facilities in the District of Columbia, predominantly major convention hotels, and the Washington Convention Center have not been considered in the study. Generally major meeting facilities in the District of Columbia are oriented toward large scale conventions (i.e., attendance in excess of 1,500 delegates and, in some cases, requiring substantial flat floor, exhibit space). At present, suburban conference/meeting facilities because of size and meeting orientation of user are not generally competitive with convention oriented hotel properties in the District of Columbia.

Table 2

SUMMARY OF USER CHARACTERISTICS AND MIX
EXISTING CONFERENCE/MEETING FACILITIES
SUBURBAN WASHINGTON METROPOLITAN AREA

<u>Location/Name</u>	<u>Average No. of Meetings/Month</u>	<u>Average No. of Attendees/Meeting</u>	<u>User Mix</u>			
			<u>Association</u>	<u>Corporate</u>	<u>Government</u>	<u>SMERF^{1/}</u>
<u>Montgomery County</u>						
American College of Cardiology	5	30	60%	20%	20%	0
Bethesda Holiday Inn	NA	30	10%	20%	40%	30%
Bethesda Marriott	160	20	5%	60%	20%	15%
Bethesda Ramada	110	35	10%	40%	30%	20%
Guest Quarters	90	25	3%	60%	15%	22%
Hyatt Regency-Bethesda	60	60	10%	40%	30%	20%
Linden Hill Hotel and Racquet Club	18	40	5%	20%	50%	15%
NIH	200	35	10%	0	80%	10%
National 4-H Center	20	100	25%	0	35%	40%
Holiday Inn - Chevy Chase	80	20	10%	30%	30%	30%
Rockwood Manor Park	12	40	5%	25%	20%	50%
Holiday Inn - Silver Spring	75	30	10%	40%	30%	20%
Sheraton Inn - Washington, N.W.	NA	NA	NA	NA	NA	NA
Sheraton Potomac Inn	70	40	10%	50%	25%	15%
Ramada - Rockville	60	30	0	60%	20%	20%
Holiday Inn Crown Plaza	NA	45	5%	70%	15%	10%
Holiday Inn - Gaithersburg	50	60	10%	60%	10%	20%
Marriott - Gaithersburg	NA	30	5%	30%	15%	40%
National Bureau of Standards	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Average	72	39	11%	37%	29%	23%
<u>Other Suburban Washington, D.C. Metro</u>						
Center for Adult Education	200	30	15%	50%	20%	15%
University of Maryland						
Raddison-Park Plaza	60	100	10%	55%	25%	10%
Xerox Training Center	80	30	5%	20%	65%	10%
Marriott - Dulles Airport	NA	NA	NA	NA	NA	NA
Sheraton Int'l Conf. Ctr., Reston, VA	90	40	5%	75%	10%	10%
Sheraton Tysons Corner	NA	NA	NA	NA	NA	NA
Average	108	50	9%	50%	30%	11%

^{1/} Social, Military, Education, Religious, and Fraternal.

Source: GA/Partners Incorporated Survey, January 1988.

Within Montgomery County, meeting size of existing competitive facilities is generally small -- an average of 39 attendees, per meeting. The National 4-H Center reports a substantially higher average attendance -- 100 attendees per meeting.

The mix of meeting users is divided into four categories as shown on Table 2. Corporate users constitute, at competitive conference/meeting facilities in Montgomery County, the largest source of meeting activity at 37 percent of annual meeting activity. Government and SMERF user account for the next largest components of the existing user mix at competitive conference/meeting facilities in Montgomery County at 29 percent and 23 percent, respectively. Associations account for over 11 percent of the user mix at competitive facilities in Montgomery County, at present.

The user mix profile at competitive conference/meeting facilities in the balance of the Suburban Washington Metropolitan area is more heavily weighted to corporations which account for 50 percent of the users at these facilities. Government users account for another 30 percent and SMERF and association users account for the remainder, at 11 percent and 9 percent, respectively.

Conference/meeting facilities in the remainder of the Suburban Washington Metropolitan area achieve a slightly higher level of monthly meeting activity and attendance, per meeting. On average, these facilities attract 108 meetings per month, with the Center for Adult Education at the University of Maryland substantially exceeding the competitive inventory average, with 200 meetings, per month.

The average number of attendees, per meeting at the six competitive conference/meeting facilities in the remainder of the Washington Metropolitan area is 50 attendees, with the Raddison-Mark Plaza attracting the highest average conference/meeting size, at an average of 100 attendees, per meeting. The overall user mix at these facilities is weighted to corporate and government users, government accounts for 30 percent of the user mix and corporate users for 50 percent of the user mix.

Table 3

PLANNED AND PROPOSED CONFERENCE FACILITIES
SUBURBAN WASHINGTON METROPOLITAN AREA
1988 AND BEYOND

<u>Location/Name</u>	<u>Planned Opening Date</u>	<u>Facility Characteristics</u>			<u>Market Orientation</u>
		<u>No. of Hotel Rooms</u>	<u>Size of Meeting Facility</u>	<u>No. of Meeting Rooms</u>	
<u>Montgomery County</u>					
Traville Conference Center	1990	200	40,000 - 50,000 s.f.	20-25	Executive/Corporate
University of Maryland, Executive Conference Center	1990	150	65,000 s.f.	NA	Corporate/Government
Marriott Training Center	NA	500	150,000 s.f.	NA	In-house Training
<u>Other Suburban Washington, D.C. Metro Area</u>					
Westfields International Conference Center, Chantilly, VA	3/89	345	30,000 s.f.	30	Corporate/Executive
Marriott - Fairview Park, Fairfax, VA	1/89	300	35,000 s.f.	2/	Corporate/Government
Executive Conference Center - Lansdowne Leesburg, VA	3/90	300	35,000 s.f.	2/	Corporate/Executive
Reston Town Center	1990	500	25,000 s.f.	NA	Corporate/Executive
RTJ International Hotel and Conference Center, Prince William, VA	1992	2/	2/	2/	2/
Rouse and Associates, Davidsonville, MD ^{1/}	1991	300	2/	2/	Corporate/Resort
Laurel Hotel and Conference Center Laurel, MD	1992	2/	2/	2/	Corporate/Resort
Bowie Town Center Hotel and Conference Center, Bowie, MD	1993+	3	2/	2/	2/

^{1/} 10 miles outside of Annapolis. Technically not within the Washington Metropolitan area.

^{2/} Either not known, not available for release or not yet decided.

Source: GA/Partners Incorporated, January 1988.

Profile of Planned and Proposed Conference Facilities

Conference/meeting facilities are "coming of age" in the Suburban Washington Metropolitan area. As shown on Table 3, a total of 11 facilities have been publicly announced for opening between 1989 and 1993.

Three of these facilities are proposed to open in Montgomery County by 1990 or later. Of the facilities proposed to come online in Montgomery County, two are currently targeted to open in 1990 and are planned to have a substantial inventory of meeting facilities (+40,000 square feet) and between 150-200 hotel rooms. Later in the 1990's, the Marriott Corporate Training Facility, with a proposed 500 hotel rooms and 150,000 square feet of conference/meeting space is scheduled to open.

In the near term, 2 facilities are proposed to come online in 1989 in Suburban Northern Virginia -- Westfields International Conference Center and a Marriott property at Fairview Park. Both these facilities are currently planned to contain 300 or more hotel rooms and 30,000 square feet more of meeting room facilities. Both are targeted to corporate/executive or government meetings. Another highly competitive facility has also been announced to open in Loudoun County, the Executive Conference Center at Lansdowne; this facility is proposed to open in the spring of 1990 and is to contain 300 hotel rooms and 35,000 square feet of meeting facilities, principally oriented towards the corporate/executive markets. Another major new facility has also been announced for the Reston Towne Center, to open in 1990, with 500 hotel rooms and 25,000 square feet of meeting space, also targeted to the corporate/executive markets.

Lastly, four other facilities have been "announced" to open in the mid 1990s. Specific characteristics of these facilities, at this time, are either not well formulated or not available for publication.

SECTION III

CONFERENCE CENTER DEMAND POTENTIALS

SECTION III CONFERENCE CENTER DEMAND POTENTIALS

This section examines existing and prospective user demand for a conference/meeting facility at the BNH, at a number of "grains". For the purpose of this study, indepth interviews of the 11 BNH Commands, have been and conducted; these surveys included coverage of conference/meeting requirements, on- and off-base as well as the characteristics of these meeting facilities, covering size, duration, frequency, and specialized support requirements.

Parallel to the investigations and analysis of potential demand "captive" to BNH commands, surveys and interviews have been conducted with other potential users, including:

- National Institutes of Health;
- Federal agencies in suburban Washington, D.C.; and
- Corporate/civilian potential users.

Conference/Meeting Demand at BNH Presently and Prospectively

The central focus on potential demand for conference/meeting facilities initially has been the needs and requirements of the existing 11 Commands at BNH. Detailed interviews were conducted with designated representatives of each Command.^{1/}

Of the 11 BNH commands, only 5 indicated current use of off-base conference facilities. The remaining 7 commands presently do not have off-base conference/meeting requirements, due to the nature of the command (e.g., COM, STAFF Education and Training, and NMCNCR) or they are presently served by off-base facilities, because of cost factors or the availability of existing space to meet their needs.

Of the 11 commands, 6 expressed a prospective need for new, on-site meeting facilities, either to accommodate meeting functions, now presently held off-base or to accommodate meetings now held on-base, yet projected to outgrow existing

^{1/} Refer to Appendix B for identification of the Commands surveyed and the scope and content of the survey questionnaire, as well as specific personnel contacted.

facilities. These future are requirements summarized in Table 4 below, by command.

Table 4 RELATIONSHIP OF PRESENT OFF-SITE USE
TO DEMAND FOR NEW FACILITY

<u>Command</u>	<u>Present Use of</u> <u>Off-Site Conference</u> <u>Facilities</u> ^{1/}	<u>Projected Use</u> <u>of New</u> <u>On-Site Facility</u> ^{2/}
NMRI	No	<33%
NHSETC	Yes	33-50%
AFFRI	Yes	33-50%
USUHS	Yes ^{3/}	<33%
R&D	Yes	75-100%
NSHS	Yes	100%

- ^{1/} Usage pattern based on survey regarding use of meeting facilities during the previous year:
- ^{2/} Projected use is based on the following description: "well managed, . . . nearby overnight housing accommodations, located proximate to your office, with a price comparable to conference facilities presently patronized."
- ^{3/} Minimal and erratic use demonstrated.

Source: GA/Partners Survey, January 1988.

The level and type of off-base conference/meeting requirements presently utilized that could potentially be "transferred" to a conference/meeting facility at BNH as reported by the 6 commands, is summarized in Table 5, below.

Table 5 SUMMARY OF PROJECTED MEETING PATTERNS
A NEW ON-BASE CONFERENCE FACILITY
BETHESDA NAVAL HOSPITAL COMMANDS

<u>Command</u>	<u>Number</u> <u>Meetings/Year</u>	<u>Level of</u> <u>Expected Use</u>	<u>Number of</u> <u>Person Meeting Days</u>
NMRI	16	33%	241
NHSETC	12	51%	6,324
AFFRI	10	42%	498
USUHS	16	33%	639
R&D	9	81%	1,751
NSHS	<u>14</u>	<u>100%</u>	<u>10,080</u>
Total	77	57%	19,533

Source: GA/Partners Survey, January 1988.

Reported future meeting requirements vary moderately in the total number of meetings among the 6 commands, with R&D requiring the least (9 meetings) and NSHS the most (14 meetings). More significantly, the reported expected level of use and the attendance patterns varies significantly, as shown in Table 5. For example, NSHS with 14 annual potential off-base meetings, would likely use a conference/meeting facility at BNH, if available, and generate 10,880-person meeting days^{2/}. At the other extreme, NMRI with 16 potential off-base conference/meetings per year, would only expect to use a conference/meeting facility at BNH, if available, for about one-third of the their expected off-base meetings; this would only potentially generate 241 "person meeting days".

Lastly, the function, purpose, and orientation of meeting requirements of the BNH commands varies significantly, as shown below, and comprises a wide range of meeting activities. Most significantly, "conferences/meetings", in general, at BNH have as the core element training function. This suggests that in addition to the manner in which "business is done", at present among the 11 commands, that they may be a mismatch between the type of meeting space presently available at BNH and user requirements.

<u>Type</u>	<u>Percent</u>
Management/Planning	24%
Educational Seminars	23%
Training	21%
Program Reviews	13%
Reward Ceremonies	8%
Technical Working Groups	7%
"Other"	<u>4%</u>
Total	100%

As part of the surveys of the 11 BNH commands, has been an effort to scale and measure existing meeting patterns. Though not part of the scope of this study, a brief "snapshot" of the utilization patterns of present on-base meeting facilities has been made and is arrayed in Table 6. As shown in Table 6, the

^{2/} For the purpose of this study "person meeting dates" is used as the common denominator to reach market revenue potentials in the financial analysis, subsequently reviewed in Section IV.

daily usage of existing meeting or conference facilities at BNH is relatively high; "reported" hourly usage, for most facilities is well below daily usage, based on available information.

Table 6

SPACE UTILIZATION
EXISTING MEETING FACILITIES
BETHESDA NAVAL HOSPITAL

<u>Meeting/ Conference Room</u>	<u>Seating Capacity</u>	<u>Year</u>	<u>Estimated Annual Use</u> ^{1/}	<u>Days</u>	<u>Hours</u>
<u>Auditorium Space</u>					
NSHS Auditorium	75	1988 ^{2/}	71%		71%
NMRI Auditorium	75	1987	92%		26%
SEAT Amphitheater	250-280	1987	85%		53%
SEAT Amphitheater	250-280	1988	72%		34%
NMCNCR Theater	568	1988 ^{3/}	50%		23%
USUHS (University) Auditorium	350	1987 ^{3/}	74%		43%
USUHS (University) Auditorium	350	1988 ^{3/}	40%		28%
<u>Conference Room Space</u>					
SEAT - Room 2002	N/A	1987	93%		50%
SEAT - Room 1022 ^{4/}	50-60	1987	82%		42%
SEAT - Room 1022 ^{4/}	50-60	1988	79%		23%
SEAT - Room 2004	30-40	1987	84%		48%
SEAT - Room 2004	30-40	1988	69%		29%
NMRI	50	1987	89%		28%
<u>Classroom Space</u>					
NSHS - Classroom A	40-60 ^{5/}	1988	62%		62%
NSHS - Classroom B	40-60 ^{5/}	1988	41%		41%
NSHS - Classroom C	40-60 ^{5/}	1988	91%		91%

1988 utilization rates are based on space reserved as of January 10, 1988.

-
- ^{1/} Data is annualized based on data from 3-5 months unless otherwise noted.
^{2/} Utilization rates represent reservations for first quarter 1988.
^{3/} Utilization rates represent reservations for a full year.
^{4/} Functions also as the Hospital Press Room.
^{5/} Capacity range achievable by removal of desks.

Source: As reported by BNH commands to GA/Partners Incorporated, Survey, January 1988.

The type and quality of meeting space at BNH, as well as suitability for conference meeting activities is an open question, based on the survey of the 11 BNH commands. Current meeting space at BNH may also mismatch meeting room requirements (e.g., large spaces are utilized by small users, due solely to their availability). Repeat meeting users evidence a tendency to book space well in advance, also. As a result, less frequently scheduled meetings may be "crowded out". Also, existing meeting spaces at BNH have Command limitations and priority as to users. Lastly, there is no centralized point for coordinating presently all command conference/meeting requirements across the base at BNH. This practice is in sharp contrast to nearby NIH which has a full-time coordination effort to allocate conference/meeting needs to available space and schedule.

A final significant consideration is the level of "potential" captive demand at BNH, the magnitude and frequency of on-base meetings which do not now pay for such space. This volume is extensive -- more than 8 meetings each working day (Monday - Friday) year round. The volume of this meeting activity is presented in Table 7.

Table 7 SUMMARY OF "FREE" MEETING PATTERNS
 BETHESDA NAVAL COMMAND

<u>Command</u>	<u>Number of Meetings/Year</u>	<u>Number of Person Meeting Days</u>
NMRI	204	9,580
NHSETC	47	7,350
AFFRI	326	45,020
USUHS	394	39,475
R&D ^{1/}	0	0
NSHS	8	3,509
NCI	900	22,500
NMDSC	72	1,040
NMCNCR	0	0
SEAT	284	72,000
Officer's Mess	<u>0</u>	<u>0</u>
Total	2,235	200,474

^{1/} Number of "free" meetings represented as "0" since command has expressed a willingness to pay for all meetings.
Source: GA/Partners Incorporated

Based on the survey of the 11 BNH commands and a review of utilization patterns of existing conference/meeting type space at BNH, the potential utilization demand has been projected as presented in Table 8. These demand projections have been divided into two components: (1) At market rates and (2) below market rates. These demand sensitive pricing levels reflect current and prospective utilization patterns by command.

Table 8

BNH COMMANDS
PROJECTED DEMAND UTILIZATION^{1/}
FOR AN ON-SITE CONFERENCE FACILITY
IN PERSON DAYS

<u>Command</u>	<u>At Market Rates</u>	<u>Below Market Rates</u>
NSHS	10,080.0	3,509
Naval R&D	1,751.3	- 0 -
Med Data	- 0 -	1,040
AFRRI	498.0	45,020
USUHS	639.4	39,475
NMRI	241.3	9,580
NMCNCR	- 0 -	- 0 -
NCI	- 0 -	22,500
HSETC	6,324.2	7,350
Staff Education and Training	- 0 -	72,000
Officer's Mess	- 0 -	- 0 -
Total	19,534.2	200,474

^{1/} Refer to Appendix B for technical documentation.
Source: GA/Partners Incorporated

As shown in Table 8, potential demand utilization "at market rates" is relatively modest, an estimated 19,534.2 "person days". In contrast, potential demand utilization at "below market rates" by the 11 BNH commands is in excess of ten times, at an estimated 200,474 "person days".^{3/}

^{3/} Person days as utilized here is the common denominator from which to prepare financial projections in Section IV, following.

As shown in Table 8, only potential demand utilization by the 11 BNH commands have been considered here. Not considered, nor available during the conduct of the study, has been potential "captive" demand from other Naval commands in the Greater Washington Metropolitan area. It is not presently known whether these commands would provide a similar order of magnitude of potential utilization for a conference/meeting facility at BNH. However, based on the potential demand utilization arrayed in Table 8 an insufficient demand level solely for BNH commands is apparent. Accordingly, other potential sources of demand potentially proximate to BNH are examined in the balance of this section.

Other Sources and Potential Demand

Other potential sources of demand for conference/meeting facilities at BNH include National Institutes of Health (NIH), Federal agencies located in Montgomery County, and civilian/corporate users, presently utilizing civilian hotel facilities in a market area which would be competitive with a conference/meeting facility, if developed at BNH.

NIH is not only a neighbor to BNH, but also potentially the most allied type of conference user to "captive" conference/meeting requirements at BNH. Accordingly, during the conduct of this study, 7 of the 12 NIH institutes were surveyed. Of these, 100 percent reported a need for off-site conference/meeting space, at present. NIH in general has a policy for the institutes to utilize available, free conference space at NIH, prior to committing and scheduling conferences/meetings off-site.

At present, 6 of the NIH institutes report a total of 85 off-site conferences/meetings held in the Washington Metropolitan area in 1987. This represents approximately 10 percent of the total annual NIH conference/meeting demand. Nearly all institutes report some expected level of potential uses for a new conference facility, if located in the Bethesda area. Potential use would range from 5 to 80 percent, depending on the particular institute and availability of space. In total, 30,800 potential person meeting days could be generated from NIH for a facility at BNH, based on the surveys conducted.

In addition to NIH, there is a substantial array of Federal agencies, located in Montgomery County and the District of Columbia. Selected surveys were conducted at these agencies to determine the number, magnitude, and frequency of their

conference/meeting requirements. Based on these selective surveys, it is estimated that a potential number of off-site meeting days generated by Federal agencies located in Montgomery County would amount to approximately 14,000, annually. In addition, Federal agencies located in the District of Columbia are projected to generate an additional 69,000 off-site person meeting days.

Lastly, an effort was made to benchmark civilian, civic, corporate, and other type meetings in the area proximate to BNH. This was done by "backing out" current meeting activity in conference/meeting facilities proximate to BNH, net of demand generation by BNH commands, NIH, and Federal government offices in Montgomery County and the District of Columbia. In total, an additional 8,949 person meeting days could be expected to be generated from this source.

Table 9 summarizes potential scale of demand from other potential sources which could support utilization of a conference/meeting facility at BNH.

Table 9

BETHESDA NAVAL COMMAND
CONFERENCE FACILITY
DEMAND FROM OTHER SOURCES^{1/}

<u>User Segment</u>	<u>Number of Off-Site Person Meeting Days</u>
National Institutes of Health	30,800
Federal Agencies	
A. Montgomery County ^{2/}	14,000
B. District of Columbia ^{3/}	69,000
"Other" Montgomery County Offices ^{4/}	<u>8,949</u>
TOTAL	122,749 ^{4/}

^{1/} Represents meeting potential, net of Bethesda Naval Command.

^{2/} Represents meeting potential of offices of at least 50 personnel.

^{3/} Represents meeting potential of offices of at least 100 personnel

^{4/} Represents meeting potential net of all other segments.

Source: GA/Partners Incorporated

Not all the potential demand shown in Table 9 would necessarily be realized at a conference/meeting facility at BNH. A significant consideration for other potential users, is the availability, quality, and price of overnight hotel accommodations. To the extent that overnight hotel accommodations are not available for these other potential sources of demand, it is very likely, based on survey research conducted in the study, that the level of potential "capture" from these other potential sources of demand would be minimal.

Appendix B, contained in the study, details the technical basis on which utilization demand projections for a conference/meeting facility have been prepared.

SECTION IV

PROJECTED FINANCIAL OPERATING PERFORMANCE
A CONFERENCE FACILITY AT BNH

SECTION IV
PROJECTED FINANCIAL OPERATING PERFORMANCE
A CONFERENCE FACILITY AT BNH

This section examines projected annual financial operating performance (annual revenues, less expenses) of a competitive conference facility, if developed at BNH. The financial projections contained in this section are presented at three pricing tiers. These pricing tiers reflect potential market demand and resultant "capture" at a conference/meeting facility if developed at BNH, based on current practices and policies by the potential range of customers for such a facility, inclusive of commands at BNH.

Pricing Patterns

The starting point and to determine the potential financial operating performance of a conference/meeting facility at BNH, is the competitive pricing environment among existing civilian competitive facilities. Table 10 arrays current pricing patterns, by type of space for civilian facilities, presently considered competitive with a conference/meeting type facility, if developed at BNH. Pricing patterns are divided into two types of space: (1) ballroom/banquet rooms and (2) conference/meeting rooms.

The competitive inventory of civilian facilities has been subdivided into a service/equipment rating, ranging from "excellent" to "poor". The critical pricing point of reference, for the purpose of this analysis, is the price per occupant, by type of space, summarized in Table 10. This subsequently incorporated in the financial analysis as a basic revenue formula of: price per occupant X's expected demand generation, measured in terms of number of person day meetings.

For the purposes of the financial analysis, it has been assumed that if a conference/meeting facility is developed at BNH, it would generally be competitive and accordingly would be in the range of "good" facilities as shown in Table 10.

Projected Financial Operating Outlook

For the purposes of this analysis, a 10-year financial operating outlook, relating annual operating revenues and operating expenses has been prepared. Detailed financial operating projections have been prepared, at three pricing tiers of:

1. At market
2. At 80 percent of market
3. At 30 percent of market

Table 10

ANALYSIS OF PRICING PATTERNS OFF-SITE MEETING FACILITIES^{1/}

Ballroom/Banquet Rooms					Conference/Meeting Rooms				
Location	Service/ Equipment Rating	Room Capacity	Price	Price/ Occupant	Location	Service/ Equipment Rating	No. of Rooms	Room Capacity	Ave. Price/ Occupant
Holiday Inn Crowne Plaza	Excellent	850	NA	NA	Holiday Inn Crowne Plaza	Excellent	7	80	\$ 2.50
Holiday Inn Crowne Plaza	Excellent	280	\$ 550	\$1.96	National Bureau of Standards	Excellent	6	88	NA
National Bureau of Standards	Excellent	756	NA	NA					
SUBTOTAL		629	NA	NA	SUBTOTAL		7	84	NA
American Coll. of Cardiology	Good	96	\$ 100	\$1.04	American Coll. of Cardiology	Good	6	13	\$250
Bethesda Holiday Inn	Good	850	\$4,000	\$4.71	Bethesda Holiday Inn	Good	5	70	\$ 75
Bethesda Holiday Inn	Good	175	\$ 300	\$1.71	Bethesda Marriott	Good	2	120	\$200
Bethesda Marriott	Good	500	\$2,000	\$4.00	Guest Quarters	Good	1	40	\$250
Bethesda Marriott	Good	200	\$1,200	\$6.00	Hyatt Regency Bethesda	Good	3	109	\$175
Guest Quarters	Good	200	\$ 400	\$2.00	National Institute of Health	Good	10	30	\$ 0
Hyatt Regency Bethesda	Good	805	\$4,000	\$4.97	National 4H Center	Good	10	58	\$125
Hyatt Regency Bethesda	Good	150	\$1,000	\$6.67	Holiday Inn Silver Spring	Good	2	150	NA
National Institute of Health	Good	185	\$ 0	\$0.00	Sheraton Inn Washington MW	Good	6	100	NA
National 4H Center	Good	500	\$ 550	\$1.10	Ramada Hotel Rockville	Good	3	50	\$175
National 4H Center	Good	250	\$ 225	\$0.90	Holiday Inn Gaithersburg	Good	3	70	\$300
Holiday Inn Silver Spring	Good	600	\$ 500	\$0.83					
Sheraton Inn Washington MW	Good	475	NA	NA	SUBTOTAL		5	74	\$141
Ramada Hotel Rockville	Good	190	\$ 500	\$2.63	Bethesda Ramada	Average	3	50	\$200
Ramada Hotel Rockville	Good	115	\$ 350	\$3.04	Linden Hill Racquet Club	Average	7	75	\$150
Holiday Inn Gaithersburg	Good	450	\$1,005	\$2.48	Sheraton Potomac Inn	Average	4	50	\$100
					Gaithersburg Marriott	Average	3	120	\$200
SUBTOTAL		359	\$1,005	\$2.48					\$1.67
Bethesda Ramada	Average	200	\$ 250	\$1.25	SUBTOTAL		4	74	\$163
Linden Hill Racquet Club	Average	125	\$ 300	\$2.40					
Sheraton Potomac Inn	Average	400	\$ 150	\$0.38	Holiday Inn - Chevy Chase	Poor	1	125	NA
Gaithersburg Marriott	Average	175	\$ 525	\$3.00	Rockwood Manor Park	Poor	4	59	\$112
									\$1.90
SUBTOTAL		225	\$ 306	\$1.76	SUBTOTAL		3	92	\$112
Holiday Inn - Chevy Chase	Poor	200	NA	NA					
TOTAL		353	\$ 655	\$2.12	TOTAL		4	81	\$138
									\$ 2.77

^{1/} Assumed no price discounts for use of hotel rooms and/or food service.
Source: GA/Partners Incorporated
L081A/tables2.11/taj.7

In addition to price tiers associated with each of the financial operating projections are corresponding levels of utilization and occupancy. Projected occupancy levels at each pricing level are shown in Table 11.

Table 11 SUMMARY OF PROJECTED FINANCIAL
 OPERATING OUTLOOK^{1/}
 A CONFERENCE CENTER AT BNH
 (000's of Current Dollars)

<u>Year</u>	<u>At Market Rates</u> <u>Occupancy Rate</u>	<u>At 80 Percent</u> <u>of Market</u> <u>Occupancy Rate</u>	<u>At 30 Percent</u> <u>of Market</u> <u>Occupancy Rate</u>
1	10%	18%	36%
2	11%	21%	43%
3	12%	23%	48%
4	13%	25%	52%
5	14%	27%	57%
6	15%	29%	62%
7	16%	32%	68%
8	17%	34%	73%
9	17%	37%	80%
10	18%	41%	87%

^{1/} Detailed projections and technical notes contained in Appendix C.

Source: GA/Partners Incorporated

Based on the three pricing tiers and demand generation at each pricing level, a projection of net operating income (annual revenues, less annual expenses) are summarized in Table 12 below.

Table 12

SUMMARY OF PROJECTED FINANCIAL
OPERATING OUTLOOK^{1/}
NET OPERATING INCOME
A CONFERENCE CENTER AT BNH
(000's of Current Dollars)

<u>Year</u>	<u>At Market Rates</u> <u>At Market Rates</u>	<u>At 80 Percent</u> <u>Of Market</u>	<u>At 30 percent</u> <u>Of Market</u>
1	(\$638.1)	(\$456.3)	(\$371.5)
2	(\$614.9)	(\$403.9)	(\$285.7)
3	(\$598.6)	(\$357.2)	(\$237.9)
4	(\$589.7)	(\$320.4)	(\$197.5)
5	(\$571.7)	(\$275.3)	(\$221.7)
6	(\$550.0)	(\$220.7)	(\$191.0)
7	(\$544.5)	(\$160.7)	(\$166.1)
8	(\$529.4)	(\$ 89.5)	(\$120.7)
9	(\$514.0)	(\$ 5.3)	(\$ 72.8)
10	(\$519.8)	\$ 93.66	(\$ 38.1)

^{1/} Detailed projections and technical notes contained in Appendix C.

Source: GA/Partners Incorporated

As shown in Table 12, at all three pricing tiers, prospective net operating income from a conference center at BNH produces negative operating results. This basically reflects that at market rates, occupancy levels likely to be achieved are substantially below "breakeven" requirements. As pricing is reduced, notably at the 80 percent of market level, occupancies increase moderately, but only in Year 10 of operations would a breakeven above operating costs be sustained as shown in Table 12.

At price levels at 30 percent below market, demand utilization of facilities would be expected to increase dramatically, rising almost to full capacity in the latter years of the 10-year projection. However, at this pricing level insufficient annual revenues are generated to cover fixed and variable costs, again leading to negative operating results. In this case, however, the magnitude of negative operating results, as higher occupancy levels are attained, are significantly smaller than the projected financial performance at market rates.

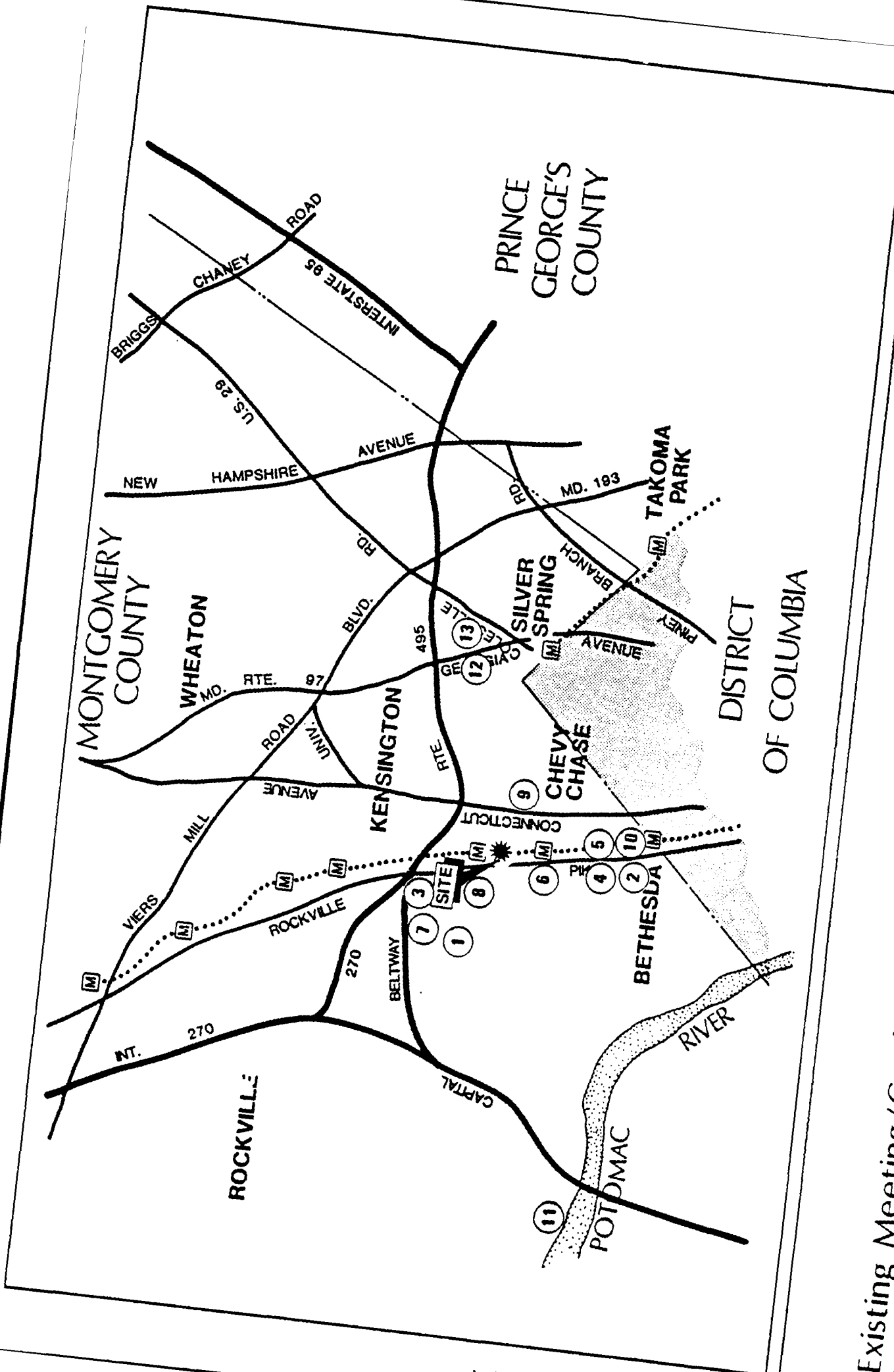
Appendix C presents in detail, the specific parameters for the projected financial operating results as shown in Table 11 above.

APPENDIX A
PROFILE OF EXISTING AND PLANNED HOTEL/CONFERENCE CENTERS

1. Montgomery County
2. Suburban Washington, D.C. Metropolitan Area

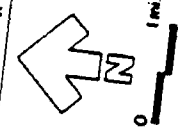
1. MONTGOMERY COUNTY, EXISTING AND PLANNED

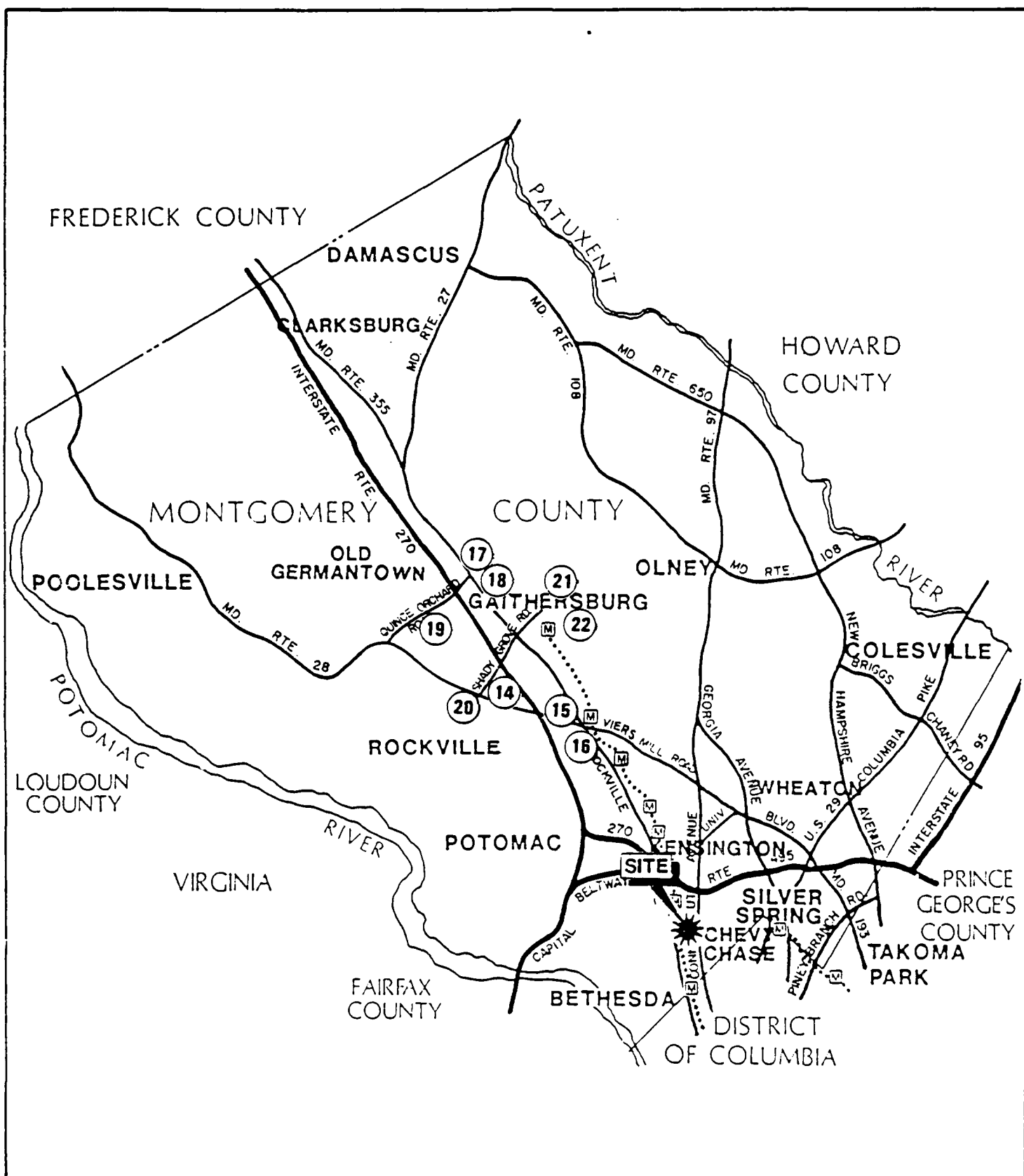
- Occupancy and User Mix
- Physical Characteristics and Services
- Rental Rate Structure



Existing Meeting/Conference Facilities
Lower Montgomery County

GA/PARTNERS
INCORPORATED





Existing and Planned Meeting/Conference Facilities Northern Montgomery County

GA/PARTNERS
INCORPORATED



SUMMARY OF EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Physical Characteristics and Services					Occupancy and User Mix		Rental Rate Structures				
	Name/Location	Meeting Space		Number of Overnight Accommodations	Service and ^{2/} Equipment Rating	Estimated Annual Occupancy Rate	Dominant Users		Factors Influencing Pricing ^{3/}			
		Room Types	Number of Rooms				Capacity ^{1/} (Attendees)	Corporate (% Total Demand)	Government (% Total Demand)	Rental Rates (Per Day)	Overnight Rooms	Food Service
	Lower Montgomery County											
1	American College of Cardiology 9111 Old Georgetown Road Bethesda	Conference Banquet Learning Ctr TOTAL	6 1 1 8	13 96 69 293	0 Good	80%	20%	20%	\$90-100 \$1,000-1,500 \$140-200	--	--	
2	Bethesda Holiday Inn 8120 Wisconsin Avenue Bethesda	Ballroom Banquet Conference TOTAL	1 (into 4) 3 5 12	850 100-175 40-70 1,450	270 Good	60%	20%	40%	\$4,000 \$175-300 \$50-75	25 Rooms	Full course meal services	
3	Bethesda Marriott Hotel 5151 Pooks Hill Road Bethesda	Ballroom Jr. Ballroom Conference Boardroom TOTAL	1 (into 5) 1 (into 3) 2 3 13	500 200 90-120 40-45 1,055	397 Good	80%	60%	20%	\$2,000 \$1,200 \$200 \$200	25 Rooms	Catered food	
4	Bethesda Ramada 8400 Wisconsin Avenue Bethesda	Banquet Salons Cafe TOTAL	1 (into 2) 3 1 6	200 50 50 400	163 Average	NA	40%	30%	\$250 \$100-200	Flexible	2 or more meals	
5	Guest Quarters 7335 Wisconsin Avenue Bethesda	Banquet Conference Boardroom TOTAL	1 (into 2) 1 2 5	200 40 40 290	187 Good	35%	60%	15%	\$400 \$250 \$150	flexible	2 or more meals	
6	Hyatt Regency Bethesda One Bethesda Metro Center Bethesda	Ballroom Banquet Foyer Conference Boardroom TOTAL	1 (into 4) 4 1 3 2 14	805 150 NA 64-109 12 1,740	380 Good	70-80%	40%	30%	\$4,000 \$1,000 \$250-500 \$175 NA	50 or more	Flexible	
7	Linden Hill Hotel and Racquet Club 5400 Pooks Hill Road Bethesda	Ballroom Meeting TOTAL	1 7 8	125 40-75 515	256 Average	52%	20%	50%	\$300 \$150	25 or more	Up to 80% reduction	

(081A/tables, h14/taj, 13)

SUMMARY OF EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Physical Characteristics and Services				Occupancy and User Mix			Rental Rate Structures		
		Meeting Space		Number of Overnight Accommodations	Service and Equipment Rating	Estimated Annual Occupancy Rate	Dominant Users		Rental Rates (Per Day)	Overnight Rooms	Food Service
		Room Types	Number of Rooms				Corporate (% Total Demand)	Government (% Total Demand)			
8	National Institutes of Health 9000 Rockville Pike Bethesda	Auditorium Conference TOTAL	1 10 11	185 15-30 405	0 Good	NA	0%	80%	No Charge	--	--
9	National 4-H Center 7100 Connecticut Avenue Chevy Chase	Auditorium Banquet Conference Meeting Dining TOTAL	1 4 5 5 3 18	500 130-250 45-70 30-45 60-425 1,565	254 Good	65%	0%	35%	\$550 \$225 \$125 \$ 75 NA	50 or more	Flexible
10	Holiday Inn 5520 Wisconsin Avenue Chevy Chase	Banquet Conference Terrace TOTAL	1 1 1 3	200 125 200 525	227 Poor	NA	30%	30%	NA	NA	NA
11	Rockwood Manor Park 11001 McArthur Blvd. Potomac	Conference Meeting TOTAL	2 2 4	67-88 15-30 123	19 Poor	50%	25%	20%	\$85-175 \$35-50	None	None
12	Holiday Inn Silver Spring Plaza Convention Center 8777 Georgia Avenue Silver Spring	Ballroom Conference Boardroom TOTAL	2 2 (into 4) 1 5	225-600 75-150 50 1,100	229 Good	65%	40%	30%	\$400-500 \$125-150 \$75	50 or more	35 people and up
13	Sheraton Inn Washington Northwest 9727 Colesville Road Silver Spring	Ballroom Conference Meeting Boardroom TOTAL	1 3 3 5 12	475 100-150 40-50 25-30 1,170	293 Good	NA	NA	NA	NA	NA	NA
Subtotal - Lower Montgomery County		Average		814	243						
Total		119		10,581	2,673						
14	Sheraton Potomac Inn 3 Research Court Rockville	Ballroom Conference TOTAL	1 (into 2) 4 6	350-400 35-50 370	177 Average	NA	50%	25%	\$150 \$75-100	50 or more	2 or more meals

SUMMARY OF EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Physical Characteristics and Services				Occupancy and User Mix			Rental Rate Structures		
		Meeting Space		Number of Overnight Accommodations	Service and Equipment Rating	Estimated Annual Occupancy Rate	Corporate (% Total Demand)	Government (% Total Demand)	Rental Rates (Per Day)	Overnight Rooms	Food Service
		Room Types	Number of Rooms								
15	Ramada Hotel Rockville 1251 W. Montgomery Avenue Rockville	Ballroom Jr. Ballroom Conference Boardroom TOTAL	1 (into 4) 1 3 2 10	190 115 40-50 15 1,500	Good	50%	60%	20%	\$500 \$350 \$175 \$125	50 or more	2 or more meals
16	Holiday Inn Crown Plaza 1750 Rockville Plaza Rockville	Ballroom Conference Meeting Boardroom TOTAL	1 (into 3) 1 7 2 13	500-850 280 40-80 10-15 1,675	Excellent	45%	70%	15%	NA \$550 \$200 \$100	--	25-50% reduction for 2 or more meals
17	Holiday Inn of Gaithersburg 2 Montgomery Village Avenue Gaithersburg	Ballroom Conference Boardroom TOTAL	1 (into 6) 3 2 11	350-450 30-70 12-15 632	Good	60%	60%	10%	\$950 \$250-500 \$75	--	Major meal function
18	Gaithersburg Marriott Hotel 620 Lakeforest Boulevard Gaithersburg	Ballroom Conference TOTAL	1 3 4	144-175 48-120 395	Average	60%	30%	15%	\$525 \$200	20-40 rooms	3 meals or more
19	National Bureau of Standards Quince Orchard Road Gaithersburg	Auditorium Lecture Room Dining Courtyard TOTAL	2 6 3 1 10	298-756 50-88 12-24 100 1,538	Excellent	NA	NA	NA	NA	NA	NA
Total - Montgomery County			9	837							
Average			173	15,900							
Total				246							
				3,943							

1/ Capacities related to each type of meeting room represent the average capacity per room type. Total capacities represent the maximum number of attendees the facility could accommodate at maximum capacity and does not necessarily represent an aggregate of the average capacities per room type indicated.

2/ A rating of poor, average, good, or excellent is assigned to each facility based on the quality and quantity of available conference services and equipment. For more detailed information, refer to the following table titled "Physical Characteristics and Services".

3/ Refers to the amount of other profit centers which can reduce or eliminate the cost of meeting space. For more detailed information, refer to the table titled "Rental Rate Structures".

Source: Montgomery County Travel Council; Montgomery County Government, Executive Task Force on Conference Centers; GA/Partners.

L001A/tables.h14/ta.15

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Room Types	Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms			
<u>Planned</u>								
20	Traville Conference Center Route 28 and Shady Grove Road Gaithersburg, Maryland Traville Partnership	1989-1990	NA	40,000-50,000	20-25	Amphitheater Conference Boardrooms	200 (Approx.)	Executive Corporate
<u>Comments:</u> This conference facility is currently zoned and in the process of finalizing the development plans. The facility will be managed and operated by a national company specializing in conference centers. Traville will have a variety of meeting space with extensive audio visual equipment and recreational facilities. The project is expected to break ground in early 1989 and completed in late 1989 or early 1990.								
21	University of Maryland Executive Conference Center Shady Grove Campus Gaithersburg, Maryland O.M. and Marriott Corp.	1989-1990	155,000	65,000	NA	Conference Meeting Classrooms	150	Corporate Government
<u>Comments:</u> This facility has been approved by the county and U.M. is currently waiting for funds to be allocated for the project. Marriott will manage and operate the hotel and food service of the center. This facility site is located adjacent to the above Traville site. According to a Marriott spokesman, if Traville Center is developed first, the project will likely be put on hold.								
22	Marriott Training Center Gaithersburg, Maryland Marriott Corporation	NA	NA	150,000	NA	NA	500	In-house training
<u>Comments:</u> This training facility is currently in the planning stages with preliminary approval to be submitted to the County in mid 1988. As it stands now, Marriott will not allow outside users to lease the facility space.								

Source: Montgomery County Economic Development; Montgomery County Travel Counsel; GA/Partners.

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OCCUPANCY AND USER MIX

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Estimated Occupancy Estimated User Mix (Percent of Total)

Map Key	Area/Name/Location	<u>Estimated Occupancy</u>		<u>Estimated User Mix (Percent of Total)</u>				<u>Recent Users</u>
		<u>Annual Occupancy Rate (Percent)</u>	<u>Average Number of Meetings Per Month</u>	<u>Average Number of Attendees per Meeting</u>	<u>Associations</u>	<u>Corporate</u>	<u>Government</u>	<u>SMERF-1/</u>

Lower Montgomery County

1	American College of Cardiology 9111 Old Georgetown Road Bethesda	80%	52/	30	60%	20%	20%	0%	Polaroid Uniformed University of Health Sciences NIH
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Comments:

These facilities are available to any local, national, or international non-cardiovascular conferences on health care, education, training, and community service, or any organization involved with cardiovascular research or education. There are 33 in-house groups which have a variety of meetings per year and take priority on the space needs. Approximately 60 percent of all outside users are medically-oriented associations.

2	Bethesda Holiday Inn 8120 Wisconsin Avenue Bethesda	60%	NA	30	10%	20%	40%	30%	NIH Naval Medical Center Red Cross
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Comments:

Summer and winter seasons are generally slow, with occupancy centering around SMERF and some government activities. Of all government meetings, NIH represents approximately 90 percent of the total. The Naval Medical Center also generates both private and naval meetings due to its proximity to the facility.

3	Bethesda Marriott Hotel 5151 Pooks Hill Road Bethesda	80%	160	20 (Approx.)	5%	60%	20%	15%	AC ASHA USPDI Mobil AAA
---	---	-----	-----	-----------------	----	-----	-----	-----	-------------------------------------

Comments:

NIH is the primary government user of meetings because of its proximity. Weekends are generally booked for social functions. Source believes the meeting space is turned over more rapidly than other area facilities. Users are generally comprised of small groups not needing a large number of overnight accommodations.

4	Bethesda Ramada 8400 Wisconsin Avenue Bethesda	NA	110	35	10%	40%	30%	20%	Westat NIH
---	--	----	-----	----	-----	-----	-----	-----	---------------

Comments:

This facility is luxuriously styled to cater to formal social events as well as business meetings. A large number of users of this facility are nearby corporations and government agencies.

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	<u>Estimated Occupancy</u>		<u>Estimated User Mix (Percent of Total)</u>			
		<u>Annual Occupancy Rate (Percent)</u>	<u>Average Number of Meetings Per Month</u>	<u>Average Number of Attendees Per Meeting</u>	<u>Associations</u>	<u>Corporate</u>	<u>Government</u>

5 Guest Quarters
7335 Wisconsin Avenue
Bethesda

35% 90 25 3% 60% 15% 22% NA

Comments:

70 percent of users are corporate and government groups between 15 and 30 people. The facility has occasionally hosted 50 to 100 person training seminars lasting 2 to 3 days. Weekends are usually reserved for social functions.

6 Hyatt Regency Bethesda
One Bethesda Metro Center
Bethesda

70-80% 60 60 10% 40% 30% 20% National Heart
Lung and Blood
Institute
American Society of
Hospital Pharmacists

Comments:

There are about 2 to 3 government meetings per week, with an average of 10 to 15 people per meeting. The facility gets a wide range of corporate group sizes ranging from 10 to 200 attendees. Most corporate group meetings last more than one day and hence are more desirable to the hotel.

7 Linden Hill Hotel and
Racquet Club
5400 Pooks Hill Road
Bethesda

52% 18 40 5% 20% 50% 25% NIH
Navy

Comments:

The 16-acre wooded facility with many recreational facilities draws mainly retreat-oriented conferences and one-day social functions. The Navy and NIH accounts for almost 70 percent of the total business.

8 National Institutes of
Health
9000 Rockville Pike
Bethesda

NA 200- 35 10% 0% 80% 10% NIH

Comments:

Meeting facility usage is restricted to medically-oriented groups with priority at any time to Council and study groups. All meetings must be sponsored by one of the NIH Institutes.

9 National 4-H Center
7100 Connecticut Avenue
Chevy Chase

65% 20 100 25% 0% 35% 40% Board of Education

Comments:

This non-profit organization generally does not allow corporate related meetings. In 1986, 35,000 people attended functions at the 4-H Center. Most meetings are large in nature and usually last 4 hours to 1 day.

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Estimated Occupancy Estimated User Mix (Percent of Total)

Map Key	Area/Name/Location	<u>Estimated Occupancy</u>		<u>Estimated User Mix (Percent of Total)</u>				<u>Recent Users</u>
		<u>Annual Occupancy Rate (Percent)</u>	<u>Average Number of Meetings Per Month</u>	<u>Average Number of Attendees Per Meeting</u>	<u>Associations</u>	<u>Corporate</u>	<u>Government</u>	<u>SMERF 1/</u>
10	Holiday Inn 5520 Wisconsin Avenue Chevy Chase	NA	80	20	10%	30%	30%	30%

NIH
NIMH

Comments:

Historically, NIH and the Navy have been frequent users. However, Holiday Inn is currently trying to decrease the number of government and Navy related meetings and increase demand from corporate users. The primary reason for the marketing change is governmental meetings are small in size and generally do not require overnight accommodations and food service, yet tie-up the conference space.

- 11 Rockwood Manor Park
11001 McArthur Blvd.
Potomac

50% 12 40 5% 25% 20% 50% Marriott Corporation

Comments:

This Manor House and lodge facility attracts small conferences and social functions. Many functions rent out large blocks of sleeping accommodations with the meeting space. It is not unusual for a single user to use the entire facility.

- 12 Holiday Inn Silver Spring
Plaza Convention Center
8777 Georgia Avenue
Silver Spring

65% 75 30 10% 40% 30% 20% 3M
AT&T
U.S. Department of
Commerce

Comments:

This facility attracts a variety of users from 100 to 200 person corporate training conferences to 15 person governmental meetings. The numerous configurations of meeting space allow for several meetings and conferences to take place simultaneously. Approximately 40 percent of the attendees use overnight accommodations.

- 13 Sheraton Inn Washington
Northwest
8727 Colesville Road
Silver Spring

NA NA NA NA NA NA NOAA
NIH
Walter Reed Hospital

Comments:

NA

Subtotal Lower Montgomery County

Total 62% 3/ 850 36% 14% 29% 33% 24%
Average 77% 1/ 5/ 5/ 5/ 5/

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Estimated Occupancy			Estimated User Mix (Percent of Total)				Recent Users
		Annual Occupancy Rate (Percent)	Average Number of Meetings Per Month	Average Number of Attendees Per Meeting	Associations	Corporate	Government	SMERF ^{1/}	
14	Sheraton Potomac Inn 2 Research Court Rockville	NA	70	40	10%	50%	25%	15%	GTE IBM GE Westat
<p><u>Comments:</u> The Sheraton Potomac attracts a large proportion of medium-sized meetings, generally within sleeping accommodations and food service. The facility's location makes it very attractive to nearby corporations.</p>									
15	Ramada Hotel Rockville 1251 West Montgomery Avenue Rockville	50%	60	30	0%	60%	20%	20%	NIH IBM
<p><u>Comments:</u> This facility primarily caters to small- to medium-sized corporate meetings. Weekends are usually fully occupied with social functions.</p>									
16	Holiday Inn Crown Plaza 1750 Rockville Pike Rockville	45%	NA	45	5%	70%	15%	10%	NIH HDA Naval Medical Hospital
<p><u>Comments:</u> This first class facility attracts mostly corporate users from nearby offices as well as medical related governmental groups. The large variety of room types makes the facility desirable for all group types.</p>									
17	Holiday Inn of Gaithersburg 2 Montgomery Village Avenue Gaithersburg	60%	50	60	10%	60%	10%	20%	IBM National Bureau of Standards M/A Communications
<p><u>Comments:</u> Convenient location provides access for a wide variety of corporate meetings. MBS is the major government user. Most meetings last 1 day.</p>									
18	Gaithersburg Marriott Hotel 620 Lakeforest Boulevard Gaithersburg	60%	NA	30	5%	30%	15%	40%	National Bureau of Standards National Bakers Assoc. GM Nissan Apple Computer
<p><u>Comments:</u> Gaithersburg Marriott actively markets social events and corporate meetings while trying to reduce the amount of government meetings.</p>									

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Estimated Occupancy			Estimated User Mix (Percent of Total)					Recent Users
		Annual Occupancy Rate (Percent)	Average Number of Meetings Per Month	Average Number of Attendees Per Meeting	Associations	Corporate	Government	SMERF-1/		
19	National Bureau of Standards Gaithersburg	NA	NA	NA	NA	NA	NA	NA	NA	NA
<u>Comments:</u>										
<u>Total Montgomery County</u>										
Total Average		-- 60% ^{6/}	1,011 ^{7/} 72 ^{1/}	665 ^{8/} 39 ^{8/}	-- 11% ^{8/}	-- 37% ^{8/}	-- 29% ^{8/}	-- 23%	--	23%

- ^{1/} Social, military, education, religion, and fraternal.
^{2/} Includes only non-ACC meetings.
^{3/} Includes only 9 facilities.
^{4/} Includes 11 facilities.
^{5/} Includes 12 facilities.
^{6/} Includes 13 facilities.
^{7/} Includes 14 facilities.
^{8/} Includes 17 facilities.
Source: GA/Partners Incorporated

L081A/tables.h11/taj.1-5

PHYSICAL CHARACTERISTICS AND SERVICES

**PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988**

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. Ft.)	Capacity/ ^{1/} (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
	Lower Montgomery County										
1.	American College of Cardiology 9111 Old Georgetown Road Bethesda	NA	Conference Banquet Learning Ctr TOTAL	6 1 1 8	266-437 NA NA NA	12-14 96 69 243	None	None	Catered Food Service Conference Administrator Audio Visual Technician Medical Library	Slide Projection Oversized Screens Video Recorder and Player Closed Circuit TV Teleconferencing Computerized Audience Response System	Nearby entertainment
Comments: Facilities are available for groups of 100 or less. The Heart House Learning Center is one of the most technologically advanced medical educational structures in the world. The six conference rooms can be combined to seat up to 90 people. Meals can be prepared through a fully equipped kitchen or catered through an approved caterer. Hotels providing overnight accommodations can be found within walking distance.											
2.	Bethesda Holiday Inn 8120 Wisconsin Avenue Bethesda	1971/ 1986	Ballroom Banquet Conference TOTAL	1 (Breaks into 4) 3 5 12	5,920 1,050-1,404 700-760 13,307	850 100-175 40-70 1,450	270	3	Catered Food Service Conference Coordinator Audio Visual Tech. ^{2/}	PA System Podiums Blackboard All Others ^{2/}	"Bourbon Street Lounge" (Live Entertainment) "The Library" (Disco) Outdoor Pool Racquetball Hot Tub or Spa
Comments: This 14,000 square foot meeting facility is located in the newly-remodeled full-service hotel. The different variety of meeting rooms provide the flexibility of 16 variations of meeting space. The facility is located within walking distance of the Bethesda Metro Station. There is also free parking for up to 200 cars.											
3.	Bethesda Marriott Hotel 5151 Pooks Hill Road Bethesda	1979	Ballroom Jr. Ballroom Conference Boardrooms TOTAL	1 (Breaks into 5) 1 (Breaks into 3) 2 3 13	4,592 2,232 1,026-1,656 552 11,116	500 200 90-120 40-45 1,055	397	4	Conference Coordinator Secretarial Upon Request Audio Visual Technician Catered Food Service	PA System Portable Stages Lecterns with Lights Podiums Stack Chairs Blackboards All Others ^{2/}	"Stirrup Cup Lounge" Health Club Indoor/Outdoor Pool Tennis
Comments: This facility is located near the subject site, at the intersection of I-495 and Wisconsin Avenue. The Ballroom and Jr. Ballroom are the most utilized rooms. Each meeting room has microphones and telephone outlets and individually controlled heat, air conditioning, sound, and electricity. There are 600 free parking spaces and a free shuttle to National and Dulles Airports, as well as Medical Center Station bus every 60 minutes. The hotel will accept groups up to 500 persons.											
4.	Bethesda Ramada 8400 Wisconsin Avenue Bethesda	1945/ 1985	Banquet Salons Cafe TOTAL	1 (Breaks into 2) 3 1 6	2,209 768 (each) 704 5,217	200 50 (each) 50 400	163	2	Catered Food Service Conference Coordinator	Blackboard Podium Microphone ^{2/} All Others ^{2/}	Nearby Shopping Pool
Comments: This facility generally limits group sizes to 200 people. Without outside rental equipment, the hotel's meeting equipment is somewhat limited. The facility is located within 2 1/2 blocks of the Medical Center Metro Station.											

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. Ft.)	Capacity ^{1/} (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
5.	Guest Quarters 7335 Wisconsin Avenue Bethesda	1987	Banquet Conference Boardroom TOTAL	1 (Breaks into 2) 1 2 5	1,900 950 400 (each) 3,650	200 40 30-50 290	187	2	Secretarial Services Conference Coordinator Audio Visual Technician Catered Food Service	Overhead Projectors and Screens Slide Projectors I.V.	Lounge Pool Spa Exercise Room
6.	Hyatt Regency Bethesda One Bethesda Metro Center Bethesda	1985	Ballroom Banquet Foyer Conference Boardroom TOTAL	1 (Breaks into 4) 4 1 3 2 14	7,290 1,014-1,944 2,269 588-987 400-598 16,570	805 112-195 -- 64-109 12 (each) 1,740	380	4	Conference Coordinator Secretarial Services Graphic Arts Services ^{2/} Audio Visual Tech. ^{2/} Blackboards Easels All Other ^{2/}	Chairs Tables Podiums Blackboards Easels All Other ^{2/}	2 Lounges Pool Fitness Room Hot Tub & Spa Ice Skating
7.	Linden Hill Hotel Racquet Club 5400 Pooks Hill Road Bethesda	1963	Ballroom Meeting Rooms TOTAL	1 7 8	1,150 4,75-806 5,532	125 40-75 515	256	2	Catered Food Service Conference Coordinator	All Equipment ^{2/}	Lounge Pool Fitness Room Tennis Racquetball Volleyball Jogging

Comments: This facility was opened in April of this year and contains all-suite overnight guest rooms. The hotel only has 5 rooms which could be used for meeting facilities. The hotel currently provides all the equipment and services, however an outside agent will soon be available to provide more sophisticated A/V equipment as needed.

Comments: This luxurious conference facility is over 20,000 square feet in size with almost 20 meeting room set-up combinations. All services and equipment are provided or can be leased through an approved equipment vendor. In addition to the various room combinations, 110 exhibit booths and direct truck access provide the hotel with convention capabilities. Paid parking is available for 1,300 cars.

Comments: This facility is located in a wooded setting just south of I-270 spur and Wisconsin Avenue. There are a variety of meeting rooms between 500 and 1,000 square feet. All equipment and most services are contracted out. The facility is dated, yet well maintained.

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. Ft.)	Capacity/ (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
8.	National Institutes of Health 9000 Rockville Pike Bethesda	NA 1957/ 1985	Auditorium Conference Rms TOTAL	1 10 11	NA NA NA	185 15-30 425	None	1	Audio Visual Technician Security Services Secretarial Receptionist	Projector and Screen Teleconferencing PA System Video Recorder and Player	None
9.	National 4-H Center 7100 Connecticut Avenue Chevy Chase	NA/ 1957/ 1985	Auditorium Banquet Conference Meeting Dining TOTAL	1 4 5 5 3 18	6,372 1,200-2,925 595-960 460-616 NA 20,627 1/2	500 130-250 45-70 30-45 60-425 1,565	254	None	Catered Food Service Conference Coordinator Tour Guides Audio Visual Technician Graphic Arts	Projectors and Screens Microphones Built-in Stages Telephones All Others	Nearby Dining and Nightlife Basketball Volleyball Billiards
10.	Holiday Inn 5520 Wisconsin Avenue Chevy Chase	1970	Banquet Conference Terrace (Weather Permitting) TOTAL	1 1 1 3	2,600 1,600 3,000 7,200	200 125 200 525	227	2	Conference Coordinator Catered Food Service	All AV	Nearby Dining and Nightlife Swimming Pool Lounge
11.	Rickwood Manor Park 11001 McArthur Boulevard Potomac	1920/ 1986	Conference Meeting TOTAL	2 2 4	NA NA NA	67-88 15-30 123	16 3 (Dorms)	1	Custom Food Catering	Video Recorder Slide Projector and Screen PA System Podium	Park Setting Restaurant Lounge

Comments: This facility can only be used by medically-oriented groups with a priority to the Council and study groups. The facility has a strong security system with a variety of support services. NIH is located 1 mile south of I-495 just past Cedar Lane and across the street from the BWMC.

Comments: The 4-H Center is a non-profit facility located on 12 1/2 acres in Friendship Heights. Overnight accommodations for 630 people are available in double-occupancy or dormitory-style rooms. The facility has a variety of meeting space combinations with a potential total of 25 different rooms ranging from 968 to 6,372 square feet. All food service is prepared and managed by Marriott, who prepares a variety of dishes for breakfast, lunch, and dinner. Above standard equipment is available upon advanced request.

Comments: This facility is fairly limited in the conference and meeting space it leases. The Holiday Inn is located in the middle of Friendship Heights. The indoor/outdoor parking houses up to 500 cars. Any equipment or services can be reserved in advance.

Comments: This manor-house style facility is owned and operated by Maryland-National Capital Park and Planning Commission. The Park is located near the Potomac River in Potomac. The meeting space is small, yet well designed. Overnight accommodations take the form of 16 guest rooms in small cottages and a lodge and 3 dorms with bunkbeds and built-in storage compartments. Accommodations can house up to 57 people.

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. ft.)	Capacity/ (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
12.	Holiday Inn Silver Spring Plaza Convention Center 8777 Georgia Avenue Silver Spring	1972	Ballroom Conference Boardroom TOTAL	2 2 (Splits into 4) 1 5	2,460-4,300 1,000-1,550 941 10,250	225-600 75-150 50 1,100	229	2	Conference Administrator Catered Food Service All Other ^{2/}	Podium Microphone Screens Blackboard Easels All Other ^{2/}	Lounge Tours Sauna Pool Exercise Room
<u>Comments:</u> This facility is set up to handle a variety of meeting sizes with any level of luxury or sophistication. The two large ballrooms can accommodate conventions of up to 600 people the conference and boardrooms can handle groups as small as 10 people. However, the facility is somewhat undersized for a convention center.											
13.	Sheraton Inn Washington Northwest 9727 Colesville Road Silver Spring	1965	Ballroom Conference Meeting Boardroom TOTAL	1 3 3 5 12	5,232 1,200-2,500 600-648 360-480 15,388	450-500 100-150 40-50 25-30 1,170	293	3	Conference Coordinator Catered Food Service Airport Shuttles All Other ^{2/}	Podium Blackboard Microphone All Other ^{2/}	Lounge Nearby Dining Pool Health Club Sauna
<u>Comments:</u> This facility contains over 16,000 square feet of meeting and conference space on one level. The Sheraton has limited parking but is located within 3 blocks of Metro Red Line. audio visual equipment and services can be obtained with prior request.											
<u>Subtotal Lower Montgomery County</u>											
Average				9	10,395	814	243	2			
TOTAL				119	108,857 ^{2/}	10,581	2,673	26			
<u>Remainder Montgomery County</u>											
14.	Sheraton Potomac Inn 3 Research Court Rockville	1979	Ballroom Conference TOTAL	1 (Splits into 2) 4 6	4,524 475-676 6,826	350-400 35-50 570	177	2	Conference Coordinator Catered Food Service Airport Shuttle	Easels Blackboards All Other A/V ^{2/}	Lounge Exercise Room Pool Nearby Dining
<u>Comments:</u> This facility is located off Shady Grove Road, 2 miles from the Red Line Metro. Sheraton Potomac has a limited supply of standard equipment and services. During summer months, an outdoor terrace seating 144 people can be used for meeting and conference space.											
15.	Ramada Hotel Rockville 1251 West Montgomery Avenue Rockville	1969	Ballroom Jr. Ballroom Conference Boardroom TOTAL	1 (Splits into 4) 1 3 2 10	1,924 1,120 450 (each) 450 (each) 5,294	180-200 100-130 40-50 15 (each) 150	166	2	Conference Coordinator Catered Food Service Airport Shuttle	Blackboard Podium PA System Overhead Projector and Screen All Other A/V ^{1/}	Lounge Game Room Nearby Dining

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. ft.)	Capacity ^{1/} (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
16.	Holiday Inn Crown Plaza 1750 Rockville Pike Rockville	1983	Ballroom Conference Theater Meeting Boardroom TOTAL	1 (Splits into 3) 1 7 2 13	5,450 1,972 610-748 208-506 13,100	500-850 280 40-80 10-15 1,675	309	3	Conference Coordinator Catered Food Service Travel Coordinator Audio Visual Technician Graphics Arts Teleconferencing All Other A/V's	PA System Lectern Microphone Podium Blackboard Teleconferencing All Other A/V's	2 Lounges Aerobics Racquetball Health Club Pool Indoor Putting Green
17.	Holiday Inn of Gaithersburg 2 Montgomery Village Ave. Gaithersburg	NA/ 1985	Ballroom Conference Boardroom TOTAL	1 (Splits into 6) 3 2 11	4,860 486-1,326 204-255 7,775	350-450 30-70 12-15 632	316	2	Conference Coordinator Catered Food Service Audio Visual Technician Other Services Other A/V's	Podium Microphone Blackboard Screen Other A/V's	Lounge Pool Spa Aerobics Health Club
18.	Gaithersburg Marriott Hotel 620 Lakeforest Boulevard Gaithersburg	1981	Ballroom Conference TOTAL	1 3 4	485 110-552 1,700	144-175 48-120 395	302	3	Conference Coordinator Catered Food Service Airport Shuttle Orticles Ticketing Other Services	Teleconferencing PA System Lecterns Portable Stage Blackboard Other A/V's	2 Lounges Aerobic Classes Nearby Golf and Tennis

Comments: This complete meeting facility is located on the hotel lobby level. Overnight rooms have every luxury available. The Plaza is located adjacent to the White Flint Metro station and near White Flint Mall. There is free parking for 1,000 cars. There is a unique VIP Conference Theater which provides state-of-the-art educational services.

Comments: In 1985, the hotel added 98 rooms and established its meeting facilities. The 11 meeting rooms can be styled to accommodate a variety of meeting types. The facility is located in the central business district of Gaithersburg opposite Lakeforest Mall.

Comments: The total meeting facility is 8,600 square feet with over 1,700 square feet of functional space. The hotel is located near the core commercial area of Gaithersburg. Nearby companies and agencies include IBM, NBS, DOE, and Comsat.

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	Area/Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. ft.)	Capacity/ (Attendees)	Overnight Guest Rooms	Eating Establishments	Services	Equipment	Entertainment/ Recreation
19.	National Bureau of Standards Gaithersburg	NA	Auditorium Lecture Rooms Dining Court yard TOTAL	2 6 3 1 10	NA NA NA NA NA	298-756 50-88 12-24 100 1,538	None	1	Conference Management Catered food service Audio Visual Technician Graphic Arts Mailings Logistical Arrangements Conference Transporta- tion	PA System Tape Recorder Video Recorder Overhead Projector Slide Projector Oversized Screens Blackboards Portable Stages	Lounge Nearby Entertainment

Comments: Conferences held at NBS must address subject matter which relates to some aspect of NBS' area of interest. Guest Services, Inc. handles the foo. service catering. All of the services and equipment are owned and operated by NBS.

Total Montgomery County

TOTAL	173	145,090 ^{1/}	15,900	3,943	37
Average	9	9,068	837	246	2

- 1/ Capacities related to each type of meeting room represent the average capacity per room type. Total capacities represent the maximum number of attendees the facility could accommodate at maximum capacity and does not necessarily represent an aggregate of the average capacities per room type indicated.
 - 2/ Services and equipment are available at prior request from independent operators, rental agencies, and suppliers at additional cost.
 - 3/ Does not include dining facilities.
 - 4/ Does not include room sizes for facilities.
- Source: Montgomery County Travel Council; Montgomery County Government, Executive Task Force on Conference Centers; GA/Partners.
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RENTAL RATE STRUCTURE

**RENTAL RATE STRUCTURES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988**

Map Key	Area/Name/Location	Overnight Room Rates		Standard Meeting Room Rates		1/ Room Rate Per Attendee	Factors Influencing Pricing Structure			
		Government	Corporate	Type of Rooms	Rental Rates (Per Day)		Average Room Occupancy	Number of Overnight Rooms	Meal/Food Service	Other
Lower Montgomery County										
1	American College of Cardiology 9111 Old Georgetown Rd. Bethesda	--	--	Banquet Conference Learning Ctr. Average	\$1,000-1,500 \$ 90-100 \$ 140-200 \$ 410-600	96 13 69 59	\$10.42-15.63 \$ 6.92-7.92 \$ 2.03-2.90 \$ 6.95-10.17	NA	NA	Non-profit organizations at the lower end of the range. Profit organizations pay at higher end of the range.
Comments: All food served will come from an outside caterer. Set-up fees and equipment costs are included in the standard rates.										
2	Bethesda Holiday Inn 8120 Wisconsin Avenue Bethesda	\$76	\$ 80	Ballroom Banquet Conference Average	\$ 4,000 \$ 175-300 \$ 50-75 \$1,408-1,458	850 137 55 347	\$ 4.70 \$ 1.28-2.19 \$.91-1.36 \$ 4.06-4.20	Blocks of 25 rooms or more will reduce room costs by 50%. Blocks of 50 rooms or more will waive the meeting room cost.	If full meal service is used in meeting room, cost of rooms are waived.	Difference in rates is dictated by seasonality.
Comments: Meeting space rates are negotiable. If large rooms are used with low occupancy, meal service generally will not cause the waiving of rates.										
3	Bethesda Marriott Hotel 5151 Pooks Hill Road Bethesda	\$84	\$130	Ballroom Jr. Ballroom Conference Boardroom Average	\$ 2,000 \$ 1,200 \$ 200 \$ 200 \$ 900	500 200 100 45 211	\$ 4.00 \$ 6.00 \$ 2.00 \$ 4.44 \$ 4.27	Blocks of 25 rooms generally will warrant a cost reduction of 25% for meeting space. Blocks of 75-100 rooms generally will waive the cost of meeting space.	Percentage reduction based on the volume of food catered.	\$50 set-up fee.
Comments: Very large deals with food and overnight rooms are negotiable.										
4	Bethesda Ramada 8400 Wisconsin Avenue Bethesda	NA	\$ 82	Banquet Salons Cafe Average	\$ 250 \$ 100-150 NA NA	175 50 NA NA	\$ 1.43 \$2.00-3.00 NA NA	Flexible, but no set number for reduced prices.	If 2 or more meals served in meeting rooms, costs are generally waived.	Generally a \$50-100 set-up fee required.
Comments: Any equipment not supplied by hotel will have to be leased in advance from a hotel approved vendor.										
5	Guest Quarters 7335 Wisconsin Avenue Bethesda	--	\$120	Banquet Conference Boardroom Average	\$ 400 \$ 250 \$ 150 \$ 266	200 40 40 93	\$ 2.00 \$ 6.25 \$ 3.75 \$ 2.86	No set adjustment for number of rooms.	No charge for meeting space if 2 or more meals served in the rooms. A \$1,000 minimum food charge.	An additional \$25 set-up charge is generally required.

Comments: Meeting space can be used up to 12 hours per daily rental rate.

L081A/tables.h14/raj.7

**RENTAL RATE STRUCTURES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988**

Map Key	Area/Name/Location	Overnight Room Rates			Standard Meeting Room Rates			Factors Influencing Pricing Structure			
		Government	Corporate	Type of Rooms	Rental Rates (Per Day)	Average Room Occupancy	Room Rate Per Attendee	Number of Overnight Rooms	Meal/Food Service	Other	
6	Myatt Regency Bethesda One Bethesda Metro Center Bethesda	NA	\$137	Ballroom Banquet Conference Boardroom Average	\$ 4,000 \$ 1,000 \$ 250-500 \$ 175 \$ 1,368	805 153 87 12 264	\$ 4.97 \$ 6.54 \$ 2.87-5.75 \$ 14.58 \$ 5.26	If 50 rooms or more are rented the max. cost of meeting space cannot exceed \$250. If 20 to 49 rooms are rented the max. cost of meeting space cannot exceed \$400.	If meals are served in meeting rooms, then any space besides the ballroom is free.		2/
7	Linden Hill Hotel and Racquet Club 5400 Pooks Mill Road	NA	\$70	Ballroom Meeting Rooms Average	\$ 300 \$ 150 \$ 225	125 50 88	\$ 2.40 \$ 3.00 \$ 2.58	If 25 rooms or more are rented then the cost of the meeting space is waived.	Meeting space cost can be reduced up to 80% depending on the volume of food service used.	Always \$50-100 set-up fee.	
8	National Institutes of Health 9000 Rockville Pike Bethesda	--	--	Auditorium Conference Average	No Charge No Charge NA	NA NA NA	NA NA NA				
9	National 4-W Center 7100 Connecticut Avenue Chevy Chase	\$32 (Double) \$18 (Dorm)	\$32 (Double) \$18 (Dorm)	Auditorium Banquet Conference Meeting Average	\$ 550 \$ 225 \$ 125 \$ 75 \$ 244	500 180 58 38 194	\$ 1.10 \$ 1.25 \$ 2.15 \$ 1.97 \$ 1.26	One free meeting room for every 50 overnight rooms.	negotiable.	None.	
10	Holiday Inn 5520 Wisconsin Avenue Chevy Chase	\$75	\$84	Banquet Conference Terrace Average	NA NA NA NA	200 125 200 175	NA NA NA NA				
11	Rockwood Manor Park 11001 McArthur Blvd. Potomac	\$45	\$45	Conference Meeting Average	\$ 85-175 \$ 35-50 \$ 60-112	78 43 60	\$1.09-2.24 \$.81-1.16 \$1.39-2.60	No reduced rates.	No reduced rates.	No reduced rates.	

Comments: These rates do not fluctuate with respect to meal service and overnight rooms. If the entire facility is rented out, package deals are available at reduced prices.

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**RENTAL RATE STRUCTURES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988**

Map Key Area/Name/Location Overnight Room Rates Standard Meeting Room Rates Room Rate Factors Influencing Pricing Structure 2/

		Government	Corporate	Type of Rooms	Rental Rates (Per Day)	Average Room Occupancy	Room Rate Per Attendee	Number of Overnight Rooms	Meal/Food Service	Other
12	Holiday Inn Silver Spring Plaza Convention Center 8777 Georgia Avenue Silver Spring	\$60	\$63	Ballroom Conference Boardroom Average	\$ 400-500 \$ 125-150 \$ 75 \$ 220	225-600 125 50 200	\$.83-1.77 \$1.00-1.20 \$ 1.50 \$ 1.10	No reductions unless groups of 50 rooms or more.	Dinner or large meal served in meeting room, then cost of space is waived.	Set-up charge of approximately \$50.

Comments: Groups using meeting space, renting more than 50 rooms, and food service will be handled on an individual basis. Equipment needed which is not supplied by Holiday Inn will be leased at cost from a rental agency.

13	Sheraton Inn Washington Northwest 8727 Colesville Road Silver Spring	\$76	\$96	Ballroom Conference Meeting Boardroom Average	NA 100-150 40-50 25-30 293	475	NA	MA	MA	MA
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Remainder Montgomery County

14	Sheraton Potomac Inn 3 Research Court Rockville	\$64	\$68	Ballroom Conference Average	\$ 150 \$ 75-100 \$ 118	375 40 208	\$.40 \$1.87-2.50 \$.58	10 or more rooms and meeting facilities are free.	If meal service is provided for 35 people or more the space is free.	Generally a \$35 set-up charge is required.
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Comments: The above meeting space rates are not normally charged because most groups meet the accommodations or food service criteria required for free (\$35 set-up) meeting space.

15	Ramsda Hotel Rockville 1251 West Montgomery Ave. Rockville	NA	\$70	Ballroom Jr. Ballroom Conference Boardroom Average	\$ 500 \$ 350 \$ 175 \$ 125 \$ 288	200 115 45 15 94	\$ 2.50 \$ 3.04 \$ 3.90 \$ 8.30 \$ 3.06	50 or more rooms and meeting facilities are free.	No charge for space if 2 or more meals are served in rooms.	MA
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Comments: Equipment needed above what Ramsda supplies is available upon request for cost from vendor.

16	Holiday Inn Crown Plaza 1750 Rockville Pike Rockville	\$79	\$110	Ballroom Conference Theater Meeting Boardroom Average	NA \$ 550 \$ 200 \$ 100 NA	850 280 70 13 NA	MA \$ 1.96 \$ 2.85 \$ 7.69 NA	MA	25 to 50% reduction in meeting space cost if 2 or more meals are served.	MA
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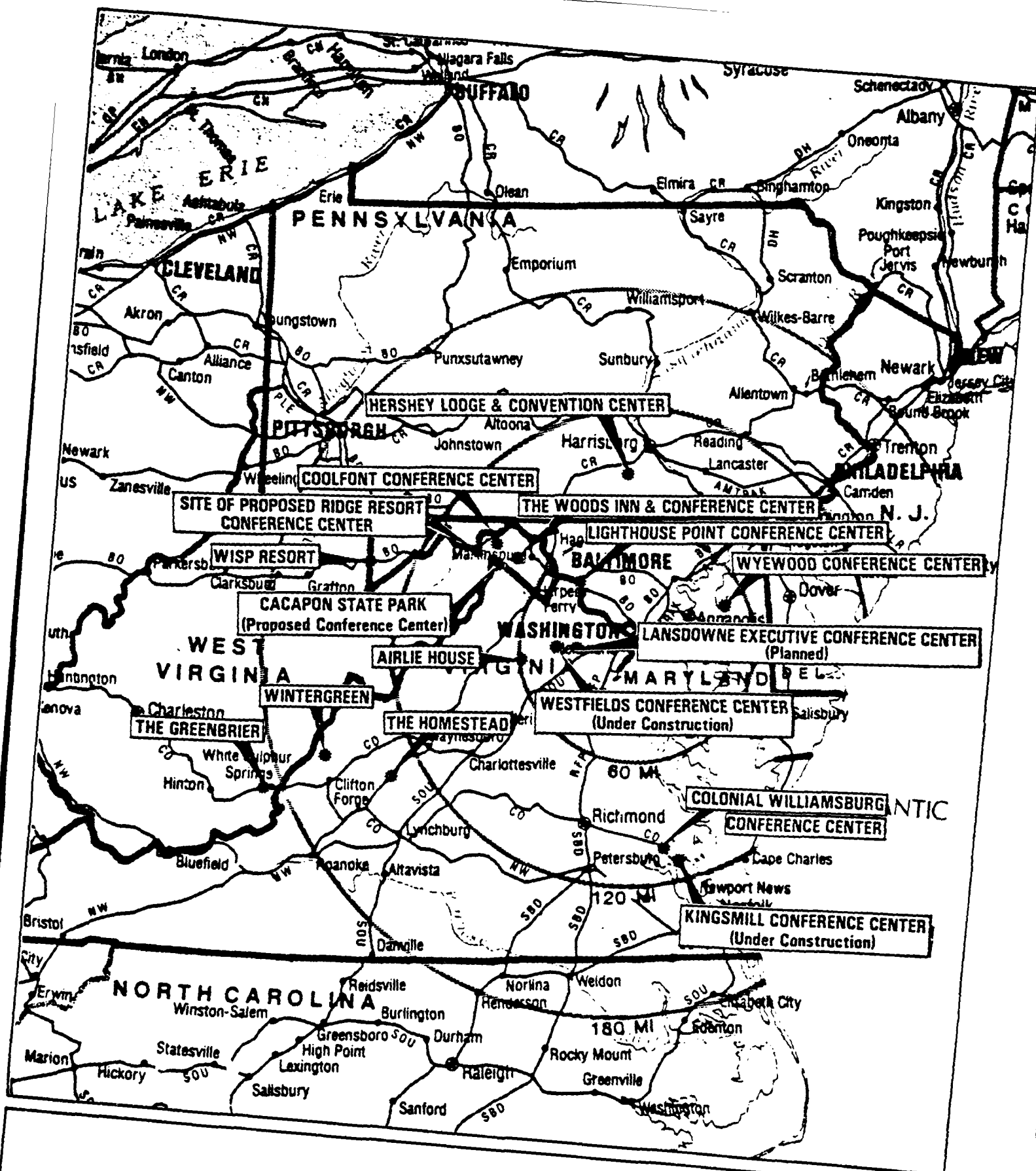
Comments: The types and combinations of rooms can produce numerous package rates which are very negotiable. Overnight rooms do play a role in meeting space rates, however this information is currently unavailable.

RENTAL RATE STRUCTURES
AT EXISTING CONFERENCE AND MEETING FACILITIES
MONTGOMERY COUNTY, MARYLAND
1988

Map Key	<u>Overnight Room Rates</u>			<u>Standard Meeting Room Rates</u>		<u>Factors Influencing Pricing Structure</u>			
	<u>Area/Name/Location</u>	<u>Government</u>	<u>Corporate</u>	<u>Type of Rooms</u>	<u>Rental Rates (Per Day)</u>	<u>Average Room Occupancy</u>	<u>Room Rate Per Attendee</u>	<u>Number of Overnight Rooms</u>	<u>Meal/Food Service</u> <u>Other</u>
17	Holiday Inn of Gaithersburg 2 Montgomery Village Avenue Gaithersburg	MA	\$72	Ballroom Conference Boardroom Average	\$ 950 \$ 250-500 \$ 75 \$ 467	450 50 13 171	\$ 2.11 \$ 5.00-10.00 \$ 5.77 \$ 2.73	NA	No charge for meeting space if a major food function is served in meeting room. Minimum of \$50 set-up charge.
<u>Comments:</u> The number of overnight rooms to warrant free meeting space is handled on a case-by-case basis and is very negotiable. AV equipment is provided by the hotel at no cost. Additional equipment must be ordered prior to function.									
18	Gaithersburg Marriott Hotel 620 Lakeforest Boulevard Gaithersburg	\$76	\$101	Ballroom Conference Average	\$ 525 \$ 200 \$ 362	175 50-100 125	\$ 3.00 \$ 2.00-4.00 \$ 2.90	20-40 rooms generally waives the cost of meeting space.	3 meals at a certain volume will waive meeting space cost. \$50 set-up charge if no food or overnight rooms.
<u>Comments:</u> Meeting space cost is waived if both 20 or more overnight accommodations and 3 meals are served. Most deals are negotiated individually.									
19	National Bureau of Standards Gaithersburg	--	--	Auditorium Lecture Room Dining Courtyard Average	-- -- -- -- --	298-756 50-88 12-24 100 178	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --

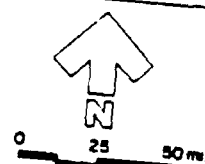
Comments: No charge for meeting space for approved users.

1/ Meeting room rates as if no overnight rooms, food service, or additional AV equipment is used.
2/ Refers to the amount of other profit centers which can reduce or eliminate the cost of meeting space.
Source: GA/Partners.



Conference Center Facilities Washington, D.C. Metropolitan Area

GA/PARTNERS
INCORPORATED



2. SUBURBAN WASHINGTON, D.C. METROPOLITAN AREA

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Room Types	Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms			

Under Construction

7	Westfields International Conference Center Westfields Corporate Center, Chantilly, Virginia Henry Long Company	3/89	350,000	30,000	30	Ballroom Conference Lounges	345	Corporate Executive
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Comments: This project is a joint venture development between Henry Long Co., Perpetual American Bank Real Estate, NJ Property Co., and International Conference Resorts of Scottsdale, Arizona. This destination facility will target large corporations, focusing primarily on companies in the Northern Virginia area. Within the meeting and exhibition space, a 10,000 square foot ballroom and 24 meeting and conference rooms will provide ample facilities for small one-day meetings to large multi-day conferences and exhibitions. The development broke ground in September of 1987. Will accommodate groups of up to 600 people.

8	Marriott Fairview Park Rt. 50 & I-495 Fairfax, Virginia Marriott Corporation	1/89	NA	15,000- 20,000	NA	NA	400	Corporate Government
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Comments: This facility will be located within an upscale Marriott hotel. The project is located within Cadillac Fairview's Fairfield Park. Marriott has an excellent location with superb access as well as visibility.

18	Leavy Center Georgetown University Campus Georgetown University	10/88	260,000	100,000	NA	Ballroom Auditorium Large Conference Small Conference Boardrooms	146	NA
----	---	-------	---------	---------	----	--	-----	----

Comments: This center will be used both as a meeting and conference facility and a student center. Room sizes will range from 500 to 11,000 square feet. Targeted space users will likely be limited to non-profit or University related groups.

Planned

9	Executive Conference Center at Lansdowne Leesburg Pike, Leesburg, VA Xerox Realty Corp.	3/90	NA	35,000 (Approximately)	NA	NA	300	Executive Corporate
---	--	------	----	---------------------------	----	----	-----	------------------------

Comments: This project is located within the large mixed-use development of Lansdowne. The facility will be developed by VMS Realty. The operations contact for the facility is currently being bid. The conference center will be targeted to executive meetings for large nearby corporations. There will be a variety of meeting room types as well as several restaurants and lounges. Lansdowne's amenities including a golf course, tennis courts, club house, and many other recreational facilities will be available to conferees.

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms		
10	Reston Town Center Hotel and Conference Center Reston Avenue and Dulles Toll Road Reston, Virginia Reston Land Corporation	11/89- 5/90	NA	25,000 (Approximate(y))	NA	500	Corporate Executive Government

Comments: Reston Land Corp. has not yet disclosed the operator of the planned hotel and conference center. The facility will be located within Reston's planned urban core. The development of a conference center within the large hotel was prompted by the success of the Sheraton International Conference Center which is located directly across the Dulles Toll and Access Road from the planned site.

11	Robert Trent Jones International Hotel and Conference Center Routes 29 and 15 Prince William County, Virginia DC Land Group, Inc.	1991- 1992	NA	NA	NA	NA	Corporate Resort
----	---	---------------	----	----	----	----	---------------------

Comments: This hotel and conference center will be constructed in the latter stages of the RTJI mixed-use development. This large development will house 3 world-class golf courses, 1.5 million square feet of office and retail space, and over 800 residential units. The conference facility will be contracted out to a operator and manager. The facility will have a variety of meeting room configurations and numerous services and amenities.

12	NA Davidsonville, Maryland Rouse and Associates	1990- 1992	NA	NA	NA	300	Corporate Resort
----	---	---------------	----	----	----	-----	---------------------

Comments: This hotel conference facility is currently in the planning stages with uncertain start and finish dates. The project will cater to both the corporate market proximate to Annapolis and Baltimore as well as the retreat or resort market.

Proposed

13	Laurel Hotel and Conference Center SEC Rte 198 and I-95 Laurel, Maryland Gary Silver	1991- 1992	NA	NA	NA	NA	Corporate Resort Government
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Comments: This project is currently zoned yet not finally approved by Prince George's County. Transportation improvements must be finalized before the project can be started. The facility will contain at least 200 overnight accommodations and a 500 seat ballroom/auditorium. The land for this project was assembled in 1985 and has been static since.

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms		
14	Hotel and Conference Center Rtes 301 and 50 Bowie, Maryland Francis Gaegelar Co.	1993-1995	NA	NA	NA	NA	NA
<u>Comments:</u> This project is currently on hold. The center would be located within an office park. The property is zoned for a hotel/conference center use. According to sources, the project would not be started until the office products were complete. It is estimated that the project would not commence construction prior to 1993.							
15	Rocky Gap Conference Center Rocky Gap State Park Allegany County, Maryland Maryland Department of Natural Resources	NA	NA	NA	NA	NA	Resort
<u>Comments:</u> This project is currently under consideration by the State of Maryland while a feasibility analysis is conducted and a search for a private developer/investor is underway. The facility would include some overnight sleeping rooms and would be surrounded by an 18-hole golf course.							
16	NA St. Mary's County, Maryland Maryland Economic Development Corporation	NA	NA	NA	NA	NA	NA
<u>Comments:</u> No timetables are set for this state organized project. Currently, the feasibility analysis is underway as the State of Maryland searches for private developer and partner.							
17	The Ridge Berkely Springs, WV NA	NA	NA	NA	NA	300	Resort
<u>Comments:</u> This proposed project to include an 18-hole golf course and skiing facilities within a 1,500 acre parcel of land. The facility currently has set no construction date and the landowner is currently searching for a financial partner.							

Source: Prince George's County Economic Development; Fairfax County Economic Development Authority; Loudoun County Economic Development; Prince William County Economic Development; GA/Partners.

L081A/tables.h11/taj.8

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Room Types	Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms			

Under Construction

7	Westfields International Conference Center Westfields Corporate Center, Chantilly, Virginia Henry Long Company	3/89	350,000	30,000	30	Ballroom Conference Lounges	345	Corporate Executive
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Comments: This project is a joint venture development between Henry Long Co., Perpetual American Bank Real Estate, MJ Property Co., and International Conference Resorts of Scottsdale, Arizona. This destination facility will target large corporations, focusing primarily on companies in the Northern Virginia area. Within the meeting and exhibition space, a 10,000 square foot ballroom and 24 meeting and conference rooms will provide ample facilities for small one-day meetings to large multi-day conferences and exhibitions. The development broke ground in September of 1987. Will accommodate groups of up to 600 people.

8	Marriott Fairview Park Rt. 50 & I-495 Fairfax, Virginia Marriott Corporation	1/89	NA	15,000- 20,000	NA	NA	400	Corporate Government
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Comments: This facility will be located within an upscale Marriott hotel. The project is located within Cadillac Fairview's Fairfield Park. Marriott has an excellent location with superb access as well as visibility.

18	Leavy Center Georgetown University Campus Georgetown University	10/88	260,000	100,000	NA	Ballroom Auditorium Large Conference Small Conference Boardrooms	146	NA
----	---	-------	---------	---------	----	--	-----	----

Comments: This center will be used both as a meeting and conference facility and a student center. Room sizes will range from 500 to 11,000 square feet. Targeted space users will likely be limited to non-profit or University related groups.

Planned

9	Executive Conference Center at Lansdowne Leesburg Pike, Leesburg, VA Xerox Realty Corp.	3/90	NA	35,000 (Approximately)	NA	NA	300	Executive Corporate
---	--	------	----	---------------------------	----	----	-----	------------------------

Comments: This project is located within the large mixed-use development of Lansdowne. The facility will be developed by VMS Realty. The operations contact for the facility is currently being bid. The conference center will be targeted to executive meetings for large nearby corporations. There will be a variety of meeting room types as well as several restaurants and lounges. Lansdowne's amenities including a golf course, tennis courts, club house, and many other recreational facilities will be available to conferencees.

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms		
10	Reston Town Center Hotel and Conference Center Reston Avenue and Dulles Toll Road Reston, Virginia Reston Land Corporation	11/89- 5/90	NA	25,000 (Approximately)	NA	500	Corporate Executive Government

Comments: Reston Land Corp. has not yet disclosed the operator of the planned hotel and conference center. The facility will be located within Reston's planned urban core. The development of a conference center within the large hotel was prompted by the success of the Sheraton International Conference Center which is located directly across the Dulles Toll and Access Road from the planned site.

11	Robert Trent Jones International Hotel and Conference Center Routes 29 and 15 Prince William County, Virginia DC Land Group, Inc.	1991- 1992	NA	NA	NA	NA	Corporate Resort
----	---	---------------	----	----	----	----	---------------------

Comments: This hotel and conference center will be constructed in the latter stages of the RTJI mixed-use development. This large development will house 3 world-class golf courses, 1.5 million square feet of office and retail space, and over 800 residential units. The conference facility will be contracted out to a operator and manager. The facility will have a variety of meeting room configurations and numerous services and amenities.

12	NA Davidsonville, Maryland Roose and Associates	1990- 1992	NA	NA	NA	300	Corporate Resort
----	---	---------------	----	----	----	-----	---------------------

Comments: This hotel conference facility is currently in the planning stages with uncertain start and finish dates. The project will cater to both the corporate market proximate to Annapolis and Baltimore as well as the retreat or resort market.

Proposed

13	Laurel Hotel and Conference Center SEC Rte 198 and I-95 Laurel, Maryland Gary Silver	1991- 1992	NA	NA	NA	NA	Corporate Resort Government
----	---	---------------	----	----	----	----	-----------------------------------

Comments: This project is currently zoned yet not finally approved by Prince George's County. Transportation improvements must be finalized before the project can be started. The facility will contain at least 200 overnight accommodations and a 500 seat ballroom/auditorium. The land for this project was assembled in 1985 and has been static since.

UNDER CONSTRUCTION, PLANNED, AND PROPOSED CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Status/Name/Location/Developer	Estimated Completion Date	Overall Size (Sq. Ft.)	Meeting Space		Number of Overnight Guest Rooms	Targeted Users
				Size (Sq. Ft.)	Number of Rooms		
14	Hotel and Conference Center Rtes 301 and 50 Bowie, Maryland Francis Gaegelar Co.	1993- 1995	NA	NA	NA	NA	NA
<u>Comments:</u> This project is currently on hold. The center would be located within an office park. The property is zoned for a hotel/ conference center use. According to sources, the project would not be started until the office products were complete. It is estimated that the project would not commence construction prior to 1993.							
15	Rocky Gap Conference Center Rocky Gap State Park Allegany County, Maryland Maryland Department of Natural Resources	NA	NA	NA	NA	NA	Resort
<u>Comments:</u> This project is currently under consideration by the State of Maryland while a feasibility analysis is conducted and a search for a private developer/investor is underway. The facility would include some overnight sleeping rooms and would be surrounded by an 18-hole golf course.							
16	NA St. Mary's County, Maryland Maryland Economic Development Corporation	NA	NA	NA	NA	NA	NA
<u>Comments:</u> No timetables are set for this state organized project. Currently, the feasibility analysis is underway as the state searches for private developer and partner.							
17	The Ridge Berkely Springs, WV NA	NA	NA	NA	NA	300	Resort
<u>Comments:</u> This proposed project could conceivably include an 18-hole golf course and skiing facilities within a 1,500 acre parcel of land. The facility currently has set no construction date and the developer is currently conducting further analysis.							

Source: Prince George's County Economic Development; Fairfax County Economic Development Authority; Loudoun County Economic Development; Prince
William County Economic Development; GA/Partners.

1081A/tables.h11/taj.8

SUMMARY OF EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Name/Location	Physical Characteristics and Services				Occupancy and User Mix			Rental Rate Structures	
		Meeting Space				Estimated Annual Occupancy Rate	Dominant Users		Factors Influencing Pricing	
		Room Types	Number of Rooms	Capacity (Attendees)	Number of Overnight Accommodations	Service and Equipment Rating	Corporate (% Total Demand)	Government (% Total Demand)	Rental Rates (Per Day)	Overnight Rooms
1	Center for Adult Education The University of Maryland University College College Park, Maryland	Auditorium Banquet Conference Boardroom TOTAL	1 7 8 4 20	750 NA NA NA NA	105	Good	50%	20%	\$ 150 \$ 100 \$ 100 \$ 50	---
2	Radiisson Mark Plaza Hotel (Executive Conference Center Retreat) 5000 Seminary Road Alexandria, Virginia	Ballroom Auditorium Theater Conference Meeting Boardroom Lounge TOTAL	1 (into 9) 1 2 3 3 2 20 27	1,200 96 24 120-130 75 16-18 20 1,974	72	Excellent	55%	25%	\$5,000 \$ 800 \$ 100 \$ 500 \$ 350 \$ 250 \$ 175	75% of attendees eating 2 meals or more
3	Xerox Training Center Route 7 (Leesburg Pike) Leesburg, Virginia	Large Meeting Classroom Boardroom TOTAL	2 (into 8) NA 8 60	325-420 20-50 NA NA	930	Excellent	20%	65%	NA ^{2/} NA ^{2/} NA ^{2/} NA ^{2/}	NA ^{2/}
4	Washington Dulles Airport Marriott Dulles Airport Chantilly, Virginia	Ballroom Conference Meeting Boardroom TOTAL	1 (into 6) 1 6 3 16	750 175 22-95 50-75 1,450	375	Good	NA	NA	NA NA NA NA	NA NA NA NA
5	Sheraton International Conference Center 11810 Sunrise Valley Drive Reston, Virginia	Ballroom Banquet Conference Boardroom TOTAL	1 (into 3) 2 8 5 18	550 150 120-130 50 2,100	302	Good	75%	10%	\$1,700 \$ 500 \$ 400 \$ 150	Negotiable functions per day
6	Sheraton Tysons Corner Conference Center 8661 Leesburg Pike Vienna, Virginia	Grand Ball Jr. Ball Amphitheater Conference Boardroom TOTAL	1 (into 2) 1 (into 3) 1 16 3 25	1,300 450 85 45-175 16 3,400	455	Excellent	NA	NA	NA NA NA NA	NA NA NA NA

^{1/} Capacities related to each type of meeting room represent the average capacity per room type. Total capacities represent the maximum number of attendees the facility could accommodate at maximum capacity and does not necessarily represent an aggregate of the average capacities per room type indicated.

^{2/} A rating of poor, average, good, or excellent is assigned to each facility based on the quality and quantity of available conference services and equipment. For more detailed information, refer to following table titled "Physical Characteristics and Services".

^{3/} Rates are quoted on a package-deal basis. For more detailed information refer to the table titled "Rental Rate Structures".
 Source: GA/Partners.
 1081A/tables.h14/ra].18

**OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA**

1988

Map Key	Area/Name/Location	Estimated Occupancy		Estimated User Mix (Percent of Total)				
		Annual Occupancy Rate (Percent)	Average Number of Meetings Per Month	Average Number of Attendees Per Meeting	Associations			
					Corporate	Government	SMERL ^{1/}	Recent Users

1 Center for Adult Education
The University of Maryland
University College
College Park, Maryland

Comments: The 20 rooms of meeting space allow the user a variety of flexible meeting space. The Center attracts many nearby corporations. Space is typically leased for a full day, however some conferences have lasted up to 1 week due to the availability of overnight accommodations.

2 Radisson Mark Plaza Hotel
(Executive Conference Center
Retreat)
500 Seminary Road
Alexandria, Virginia

Comments: This facility draws a majority of its users from corporations and governmental agencies within the District of Columbia. Proximity to National Airport and the relatively isolated Alexandria location has also been a plus in attracting demand. Government and military demand has generally been higher than actual usage for the Plaza due primarily to the relatively lower governmental per diems.

3 Xerox Training Center
Route 7 (Leesburg Pike)
Leesburg, Virginia

Comments: Practically all meetings and conferences are two or more days in duration. 60% of demand is generated from the District of Columbia and 30% from outside the metropolitan area. 80% of conferences rent 3 or more meeting and breakout rooms for their functions. At least 75% of conference attendees use the overnight room accommodations.

4 Washington Dulles Airport
Marriott
Dulles Airport
Chantilly, Virginia

Comments: NA.

5 Sheraton International
Conference Center
11810 Sunrise Valley Drive
Reston, Virginia

Comments: Proximity to Dulles Airport and the growth of Reston-based corporations has primarily generated demand for this Conference Center. Approximately 80% of all meetings last one full day. Very few meetings are generated from outside the metropolitan area.

OCCUPANCY AND USER MIX
AT EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Area/Name/Location	Estimated Occupancy		Estimated User Mix (Percent of Total)					Recent Users
		Annual Occupancy Rate (Percent)	Average Number of Meetings Per Month	Average Number of Attendees Per Meeting	Associations	Corporate	Government	SWERF ^{1/}	
6	Sheraton Tysons Corner Conference Center 8661 Leesburg Pike Vienna, Virginia	NA	NA	NA	NA	NA	NA	NA	NA
	Comments: NA.								
	Metropolitan Area Total ^{2/}	--	430	--	--	--	--	--	--
	Total	59%	108	50	9%	50%	30%	11%	
	Average								

^{1/} Social, military, education, religious, and fraternal.
^{2/} Excludes Dulles Airport Marriott and Sheraton Tysons Corner.
Source: GA/Partners.
L081A/tables2.h11/taj.1-2

PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1980

Map Key	Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. Ft.)	Capacity/ (People)	Number of Guest Rooms	Number of Eating Establishments	Services	Equipment	Entertainment/ Recreation
1	Center for Adult Education The University of Maryland University College College Park, Maryland	1964	Auditorium Banquet Conference Boardrooms Total	1 7 8 4 20	NA NA NA NA NA	750 NA NA NA NA	105	3	Conference Coordinator Catered Food Service Audio Visual Technician	Overhead Projectors PA System Tape Recorder Video Recorder Slide Projector Personal Computers Teleconferencing	Lounge Golf Tennis Swimming Basketball Racquetball

Comments: This facility was first built to house University related meetings and in the late 1970s was opened to the public. Many of the meeting rooms can be split or combined to accommodate a variety of conference space needs.

2	Radisson Mark Plaza Hotel (Executive Conference Center Retreat) 5000 Seminary Road Alexandria, Virginia		Ballroom Auditorium Theater Conference Meeting Boardroom VIP Lounge Total	1 (Splits into 9)	10,200 NA NA 1,120- 1,520 760 560- 600 312 18,048	1,200 96 24 120- 130 75 16-18 20 1,974	72	4	Conference Coordinator Catered Food Service Audio Visual Technician Graphic Arts Service Conference Transport. Language Translation	PA System Overhead Projectors Oversized Screens Tape Recorder Video Recorder Closed Circuit TV Teleconferencing Personal Computers	Lounge Live Entertainment Game Room Racquetball Indoor/Outdoor Swimming Tennis Courts Health Clubs
---	---	--	--	----------------------	--	--	----	---	--	---	--

Comments: This 25,000 square foot conference center is one of the most complete facilities in the Washington area. The space is flexible enough to house from 10 to 1,000 conferences. The services provided are extensive and the A/V equipment contains the latest technology. The meeting space is contained on 2 floors.

3	Xerox Training Center Route 7 (Leesburg Pike) Leesburg, Virginia		Large Meeting Classroom Boardroom Total	2 (Breaks into 8) NA NA 60	NA NA NA NA	325- 420 20-50 3 NA	930	2	Conference Coordinator Catered Food Service Audio Visual Technician Graphic Arts Service Secretarial Service Reproduction Service Ground Transportation	Central Sound System Oversized Screen Overhead Projectors Closed Circuit TV Video Recorder Tape Recorder Other A/V	Lounge Basketball Volleyball Badminton Weight Training Racquetball Jogging Track Tennis Courts Swimming Pool Exercise Trail
---	--	--	--	---	----------------------	---------------------------------	-----	---	---	--	--

Comments: The Xerox Training Center is located just east of rural Leesburg. The facility has 60 different meeting rooms (mostly classrooms). The center is primarily used as an educational or training facility. There is a variety of different programs to house up to 1,000 attendees. The rural setting allows numerous recreational activities to take place on the large grounds.

**PHYSICAL CHARACTERISTICS AND SERVICES
AT EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988**

Map Key	Name/Location	Year Built/ Renovated	Room Types	Number of Rooms	Room Size (Sq. Ft.)	Capacity/ 1/ (People)	Number of Overnight Guest Rooms	Number of Eating Establishments	Services	Equipment	Entertainment/ Recreation
4	Washington Dulles Airport Marriott Chantilly, Virginia	1970	Ballroom	1 (Breaks into 6)	6,000	750	375	3	Conference Coordination Audio Visual Technician Catered Food Service	All A/V ^{2/}	Lounge Swimming Pool Sauna Health Club Tennis Courts
			Conference Meeting	1 6	1,300 336-	175 22-95					
			Boardroom	3	685	50-75					
			Total	16	1,950	1,450					
Comments: This facility is advantageously located on the Dulles Airport grounds. The meeting space is very flexible to accommodate various meeting sizes. There is also a large variety of sleeping accommodations.											
5	Sheraton International Conference Center 11810 Sunrise Valley Drive Reston, Virginia	1973	Ballroom	1 (Breaks into 3)	5,504	550	302	2	Conference Coordination Ground Transportation Audio Visual Technician Catered Food Service	PA System Screens Projectors Recorders Closed Circuit TV Teleconferencing	Lounge Swimming Tennis Volleyball Basketball Golf
			Ballroom	2	1,800	150					
			Conference	8	1,170- 1,395	120-130					
			Boardrooms	5	486- 575	50					
			Total	18	22,150	2,100					
Comments: The Sheraton has been housing corporate and government conferences for 15 years. The conference facilities are located on the ground floor surrounding a large courtyard and swimming pool. There is free parking for 900 cars. There is adequate equipment and services available.											
6	Sheraton Tysons Corner Conference Center 9661 Leesburg Pike Vienna, Virginia	1986	Grand Ballroom	1 (Breaks into 2)	10,800	1,300	455	4	Conference Coordination Audio Visual Technician Language Translation Graphic Arts Service Catered Food Service Ground Transportation	Central Sound System Projectors All Size Screens Tape Recorders Video Recorders Multimedia Equipment Teleconferencing Closed Circuit TV	Lounge Dancing Live Entertainment Spa & Sauna Health Club Racquetball Pools Nearby Entertainment
			Jr. Ballroom	1 (Breaks into 3)	3,400	450					
			Amphitheater Conference	1 16	2,500 512-	85 45-175					
			Boardroom	3	1,600 560- 625	16					
			Total	25	34,180	3,400					
Comments: This first-class Sheraton has truly a state-of-the-art conference facility with services and equipment to satisfy the most sophisticated conferences. The conference and meeting space is located on the first 3 floors of this 24 floor hotel. Total conference space, including lobbies and corridors, is over 90,000 square feet.											

1/ Capacities related to each type of meeting room represent the average capacity per room type. Total capacities represent the maximum number of attendees the facility could accommodate at maximum capacity and does not necessarily represent an aggregate of the average capacities per room type indicated.

2/ Does not include auditorium and two theaters.

3/ Equipment is available in advance for cost.

Source: G/A/Partners, Inc.
L081A/tables.h14/taj.12

12

Comments: NA.

A-35

RENTAL RATE STRUCTURES
AT EXISTING CONFERENCE AND MEETING FACILITIES
WASHINGTON METROPOLITAN AREA
1988

Map Key	Area/Name/Location	Overnight Room Rates		Standard Meeting Room Rates			Factors Influencing Pricing Structure		
		Government	Corporate	Type of Rooms	Rental Rates (Per Day)	Average Room Occupancy	Room Rate Per Attendee	Number of Overnight Rooms	Meal/Food Service
5	Sheraton International Conference Center 11800 Sunrise Valley Dr. Reston, Virginia	\$78	\$ 94	Ballroom Banquet Conference Boardroom Average	\$1,700 \$ 500 \$ 400 \$ 150 \$ 688	550 150 125 50 219	\$ 3.09 \$ 3.33 \$ 3.20 \$ 3.00 \$ 3.14	20-50% reduction, very very negotiable.	3 major meal functions Set-up cost of \$100 per large can reduce price up to function. 50%.
Comments: Meeting room rates are very negotiable depending on the degree of repeat business, the number of overnight rooms taken, the extent and volume of food service, and additional AV equipment required.									
6	Sheraton Tysons Corner Conference Center 8661 Leesburg Pike Vienna, Virginia	\$78	\$120	Grand Ballroom Jr. Ballroom Amphitheater Conference Boardroom Average	NA NA NA NA NA NA	1,300 450 85 45-116 16 480	NA NA NA NA NA NA	NA	NA

Comments: NA.

1/ Meeting room rates as if no overnight rooms, food service, or additional AV equipment is used.
2/ Refers to the amount of other profit centers which can reduce or eliminate the cost of meeting space.
Source: GA/Partners Incorporated.
1081A/tables.h14/ta.17

APPENDIX B
CONFERENCE FACILITY DEMAND ANALYSIS

1. Survey of 11 Commands at BNH
2. Survey of NIH
3. Current Meeting Space Utilization at BNH
4. User Demand Projections

1. SURVEY OF 11 COMMANDS AT BNH

BETHESDA NAVAL HOSPITAL
NAVAL COMMANDS SURVEYED

<u>Command</u>	<u>Contact/Interviewed</u>	<u>Position</u>
1. Naval Medical Data Service Center (NMDSC)	Petty Officer Dobbins	Facilities Liaison
2. Naval Medical Command National Capital Region (NMCNCR)	Lt. Sanford Robin Thomas-Johnson	General Services
3. Naval Hospital Staff Education and Training (SEAT)	Commander Perry	Division Chief
4. Naval Medical Research and Development (R&D)	Commander Campbell Capitan Kilpatrick	Division Chief Program Manager, Infectious Diseases Program Comptroller
5. Naval Dental Command ^{1/}	LCDR Hofflinger	
6. Naval Health Sciences Education and Training (NHSETC)	Lt. Maskalak Lt. Norton	Head, Administrative Support Division
7. Armed Forces Radiological Research Institute (AFRRI)	Jerry Northrum	
8. University (USUHS)	Bob Austin	Space Management Coordinator
9. Naval School of Health Sciences (NSHS)	LCDR McDonough	
10. Naval Medical Research Institute (NMRI)	H. M. Allen	Head, OMS (Operations)
11. National Cancer Institute (NCI)	Liz Pulliam	Chief Administrator (Bethesda Naval Hospital)
12. Officer's Mess	Woody June	Director

^{1/} No demand indicated during phone interview. No personal interview conducted.
Source: GA/Partners Incorporated
L081A/tables3.v11/taj.8

QUESTIONNAIRE
ON-PREMISE MEETING AND CONFERENCE SPACE REQUIREMENTS

Name of Department: _____

Type of Department: _____

Department Address: _____

Name of Respondent: _____

Position: _____

Telephone Number: _____

The following set of questions (Numbers 1-18) examine the existing meeting patterns of your organization.

1. How many meetings does your agency hold per year:

	<u><10</u>	<u>10-25</u>	<u>26-50</u>	<u>51-100</u>	<u>>100</u>
On-Premise	_____	_____	_____	_____	_____
Montgomery County	_____	_____	_____	_____	_____
Washington D.C. Metro Area	_____	_____	_____	_____	_____
Outside D.C. Metro Area	_____	_____	_____	_____	_____

2. What are the major reasons for conducting:

- On-Premise Meetings

1. _____

2. _____

3. _____

- Off-Premise Meetings
1. _____

 2. _____

 3. _____

3. Do you anticipate an increase in your organization's off-premise meeting needs in the future?

No _____

Yes, please specify _____

4. What percentage of your meetings have the following primary purposes:

_____ % Management/Planning

_____ % Program Reviews

_____ % Reward Ceremonies

_____ % Training Programs

_____ % Educational Seminars

_____ % Technical Working Groups

_____ % Other (Specify) _____

_____ 100% Total

5. On average, what percentage of your organization's meetings are planned:

	<u>Attendance</u>	
	<u>Normal</u>	<u>Largest</u>
_____ % More than 21 days in advance	_____	_____
_____ % More than 7 days in advance	_____	_____
_____ % More than 2 days in advance	_____	_____

_____ % The day before the meeting _____
 _____ % The day of the meeting _____
 100% Total _____

6. On the average, how many people attend:
[Check only one per row]

	<u>Number of Attendees</u>				
	<u><10</u>	<u>10-25</u>	<u>26-50</u>	<u>51-100</u>	<u>>100</u>
Management Planning	_____	_____	_____	_____	_____
Reward Ceremonies	_____	_____	_____	_____	_____
Training Programs	_____	_____	_____	_____	_____
Educational Seminars	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

7. To maximize conference center flexibility, it is necessary to understand your organization's maximum meeting requirements. For each category listed below, please indicate the maximum requirement (e.g., attendance) you have experienced over the last 2-3 years.

<u>Meeting Type</u>	<u>Number of Attendees</u>	<u>Number of Meeting Rooms</u>	<u>Number of Meetings Per Year</u>
Management/Planning	_____	_____	_____
Program Reviews	_____	_____	_____
Reward Ceremonies	_____	_____	_____
Training Programs	_____	_____	_____
Educational Seminars	_____	_____	_____
Technical Working Groups	_____	_____	_____
Other	_____	_____	_____
_____	_____	_____	_____

8. On the average, how many days do the:
[If necessary, prompt with: (1) less than 1/2 day;
(2) between 1/2 day and one day; (3) one day; (4) 2-3 days;
(5) 4-5 days; (6) more than 5 days]
- On-premise meetings last? _____
- Off-premise meetings last? _____
9. On the average, how many hours per day are the meeting rooms used:
- During on-premise meetings? _____
- During off-premise meetings? _____
10. On the average, what percent of:
- On-premise meetings require overnight accommodations? ____%
- Off-premise meetings require overnight accommodations? ____%
11. Of those meetings requiring overnight accommodations, how many rooms on the average are required for:
- On-premise meetings? _____
- Off-premise meetings? _____
12. Of the above on-premise meetings requiring overnight accommodations, what percent of participants are accommodated at:
- ____% On-site housing
- ____% Nearby Bethesda hotels
- ____% Washington, D.C. hotels
- ____% Other (Specify) _____
- 100 % Total

13. What percentage of your organization's off-premise meetings would you estimate incur the following ranges of individual attendee per diem expenditures? (Include three meals, meeting rooms, equipment fees and gratuities)

_____ % Less than \$75

_____ % \$75 - \$100

_____ % \$101 - \$150

_____ % Over \$150

100% Total

14. What percentage of that total per diem (in question #13) is "typically" used to pay the conference facility for the use of meeting rooms, equipment rental and food service?
_____ %

15. What percentage of your organization's on-premise meetings would you estimate incur the following ranges of individual attendee per diem expenditures? (Include three meals, meeting rooms, equipment fees and gratuities)

_____ % Less than \$75

_____ % \$75 - \$100

_____ % \$101 - \$150

_____ % Over \$150

100% Total

16. What percentage of that total per diem (in question #15) is "typically" used to pay the conference facility for the use of meeting rooms, equipment rental and food service?
_____ %

17. What meeting facilities, conference centers, hotels, etc. has your department used in the last year to accommodate your meetings?

	<u>Name/Location</u>	<u>Facility^{1/} Type</u>	<u>Number of Times Used</u>	<u>Average Meeting Size (# of Attendees)</u>
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

^{1/} 1 = free standing off-site; 2 = hotel off-site; 3 = free standing on-site; 4 = on-site conference room; and 5 = other.

18. Do you feel your organization's meeting patterns have been influenced by constraints imposed by on-site or nearby off-site facilities:

Yes _____ No _____

If yes, please explain _____

The next set of questions address your organization's future meeting requirements and conference facility usage patterns.

19. Please order the factors below as to their relative importance in choosing a meeting facility. Use 1 for the least important and 8 for the most important. (Use 10 for the most important if you provide two additional "other" categories.)

_____	Reputation of Facilities
_____	Price
_____	Quality and Extent of Services Rendered
_____	Availability of a Conference Planning Staff
_____	Proximity to Primary Facility
_____	Proximity to Airport
_____	Recreational Facilities

_____ Nightlife/Entertainment
_____ Other (Specify) _____

20. What type of meeting facilities does your organization need most frequently for meetings?

Large Ballroom _____ Boardroom _____ Large Meeting Rooms _____

Small Meeting Rooms _____ Banquet Hall _____ Laboratory _____

Classroom _____ Auditorium/Theatre _____

Other (specify) _____

21. Which of the following facilities do you now use (or would you use, if available) during meetings?

1. Space

Large Ballroom _____
Boardroom _____
Large Meeting Rooms _____
Small Meeting Rooms _____
Banquet Hall _____
Laboratory _____
Classroom _____
Auditorium/Theatre _____

3. Audio Visual - Equipment

Overhead Projectors _____
Oversized Screens _____
Tape Recorder _____
Video Recorder _____
Closed Circuit TV _____
Slide Projectors _____
Personal Computers _____
Projection Booth _____
Laboratory Equipment _____
(water, gas, air hookups) _____
Special power requirements _____

2. Services

Conference Coordinator _____
Secretarial _____
Graphic Arts _____
Teleconferencing _____
Language _____
Translation _____
Audio Visual Technician _____
Laboratory Asst. _____

22. What percentage of attendees bring their spouses? _____%

23. If there is a well managed conference center, with all the desirable facilities and nearby overnight housing accommodations, located closely proximate to your office, with a price comparable to the price of conference facilities presently patronized, how often do you believe your department would utilize each facility?

_____ All of the time (100%)
_____ Almost all of the time (>75%)
_____ Most of the time (50-75%)
_____ Sometimes (33-50%)
_____ Infrequently (<33%)
_____ Never (0%)

Why do you anticipate those usage patterns?

24. If you expect to utilize the facility at all, which of the following types of meetings would most likely be held:

	<u>Approximate Number of Meetings</u>
- Management Planning	_____
- Reward Ceremonies	_____
- Training Programs	_____
- Educational Seminars	_____
- Other	_____

25. Would you anticipate that the presence of this type of facility (reference question #23) would increase your organization's annual demand for conference facilities?

No _____ Yes _____

If yes, please explain: _____

26. All things being equal, if you had a choice between a Navy owned conference facility and a privately owned facility in which to host your next meeting/conference, which would you chose and why?

27. Are there any internal influences (policy issues) or external influences (e.g., local conference facilities not meeting Naval needs or requirements) that have or will influence your facility selection?

28. Are there specific policy issues that will dictate the rental of a Navy-owned and operated conference facility (e.g., rental priorities, use by outside agencies, private sector, etc.)?

29. If you could design the ideal conference facility for your organization, what would be the features that it would include? What would be changed from your present meeting facilities? _____

2. SURVEY OF NIH

NATIONAL INSTITUTES OF HEALTH
CONTACT LIST

National Institutes of Environmental Health Sciences^{1/}
National Heart, Lung, and Blood Institute
National Cancer Institute
Office of the Director
National Institute of Diabetes and Digestive and Kidney
Diseases
Health Resources and Services Administration
National Institute of Allergy and Infectious Diseases

^{1/} Institute is based in North Carolina.
Source: GA/Partners Incorporated

3. EXISTING MEETING ROOM FACILITIES UTILIZATION
BETHESDA NAVAL COMMAND
1987 AND 1988

MEETING SPACE UTILIZATION ANALYSIS
 MMCNCR THEATER - BUILDING 7
 1988

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Days Available (Days) / (Percent)	Total Number of Days Scheduled/ Days Available (Hours) / (Percent)	Total Number of Hours Scheduled/ Total Number of Hours Available (Hours) / (Percent)	Total Number of Hours Scheduled/ Total Number of Hours Available (Hours/Days) / (Percent)	Total Number of Hours Scheduled/ Total Number of Hours Available (Hours/Days) / (Percent)	Total Number of Hours Scheduled/ Total Number of Hours Available (Hours/Days) / (Percent)	
January	16/19 84%	83/190 44%	83/160 52%	83/160 52%	83/160 52%	83/160 52%	Tri-Sard - every Thursday 1 hour (11-12) ^{3/} Dental lecture - every Wednesday (8:30-11:30) SEAT - 6 full days
February	20/20 100%	123.5/200 62%	123.5/200 62%	123.5/200 62%	123.5/200 62%	123.5/200 62%	Dental has 2 full weeks (2nd and 4th) reserved SEAT has 2 full weeks reserved Tri-Sard - every Thursday -- even on fully staffed days NMRI (outside user) - 1 day
March	11/23 48%	40.5/230 18%	40.5/110 37%	40.5/110 37%	40.5/110 37%	40.5/110 37%	Dental lecture every Wednesday (8:30-11:30) NMRI (outside user) - 2 days NSHS open house - 1 day Tri-Sard
April ^{4/}	14/21 67%	23.5/210 11%	23.5/140 17%	23.5/140 17%	23.5/140 17%	23.5/140 17%	Tri-Sard - every Thursday (11-12) 9 full successive days of dental lecture 7:30-1600 9 successive days free ACIS training (weekend) (7:30-1800)
May	7/18 39%	13/180 7%	13/70 19%	13/70 19%	13/70 19%	13/70 19%	Tri-Sard (11-12 Thursday) 3 Fridays for 3 hours in afternoon Monday through Friday free every week (not including 1 hour Tri-Sard)
June	10/22 45%	37/220 17%	37/100 37%	37/100 37%	37/100 37%	37/100 37%	SEAT - 6/16-6/17 - dental school graduation Graduation exercises Fully available 6/1-6/3; 6/4-6/20
July	14/20 70%	108/200 54%	108/140 77%	108/140 77%	108/140 77%	108/140 77%	SEAT reserved 7/13-7/29 (for 8 hrs/day) Open week of 7/4-7/8 Tri-Sard every Thursday (11-12)
August	15/23 65%	116/230 50%	116/150 77%	116/150 77%	116/150 77%	116/150 77%	SEAT reserved 8/1-8/8 (for 8 hrs/day) Open week of 8/22-8/31 Tri-Sard - every Thursday (11-12)
September	5/22 23%	5/220 2%	5/50 10%	5/50 10%	5/50 10%	5/50 10%	Entire month free except for Tri-Sard (11-12) on Thursdays

MEETING SPACE UTILIZATION ANALYSIS
MMCNCR THEATER - BUILDING 7
1988

<u>Month</u>	<u>Days Utilized</u>		<u>Hours Utilized</u>		<u>Average Hours/Days Utilized</u>		<u>Meeting Types, Users, and Observed Usage Patterns</u>
	<u>Total Number of Days Scheduled/</u>	<u>Days Available</u>	<u>Total Number of Hours Scheduled/Total Number of Hours Available</u>	<u>(Percent)</u>	<u>Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days</u>	<u>(Percent)</u>	
October	4/20	20%	4/200	2%	4/40	10%	Entire month free except for Tri-Sard (11-12) on Thursdays
November	4/20	20%	4/200	2%	4/40	10%	Entire month free except for Tri-Sard (11-12) on Thursdays
December	5/21	24%	5/210	2%	5/50	10%	Entire month free except for Tri-Sard (11-12) on Thursdays
Annual Totals	124/248	50%	561/2,490	23%	561/1,240	45%	

1/ Available days assumes Monday to Friday use from 7:00 a.m. to 5:00 p.m. (no weekends or legal holidays).

2/ Assumes 10-hour potential usage per available/scheduled day.

3/ Tri-Sard - Alcoholics rehabilitation program meeting Thursdays during lunch hour.

4/ Does not include 76.5 hours of weekend use by Reserves.

Source: GA/Partners.

1081A/tables.h11/taj.10-11

MEETING SPACE UTILIZATION ANALYSIS
NMRI (BLDG 17) - C.O.'S CONFERENCE ROOM
1987

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Total Number of Days Available	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Scheduled Days	2/ (Percent)	
February	17/20	85%	58/200	29%	58/170	34%	Meeting types include award ceremonies, supply meetings, division meetings, and certifications.
April	17/22	77%	65/220	30%	65/170	38%	Meeting types include seminars and review meetings. Users include Welfare and Recreation Department and the Fire Department.
July	20/23	87%	59/230	26%	59/200	29%	Meeting types include training meetings, seminars, clerical, certification, and safety meetings.
September	22/23	96%	66/230	29%	66/220	30%	Meetings include training, welfare, luncheons, and evaluations.
November	21/21	100%	61/210	29%	61/210	29%	Meetings include award ceremonies, safety, seminars, and certifications.
Annualized Totals	97/109	89%	309/1,090	28%	309/970	32%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assume 10 hours per available day.

3/ The above five months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: NMRI; GA/Partners.

L081A/tables.h11/taj.14

MEETING SPACE UTILIZATION ANALYSIS
NMRI (BLDG 17) - AUDITORIUM
1987

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/	Total Number of Days Available	Total Number of Hours Scheduled/Total Number of Hours Available	(Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	(Percent)	
February	18/19	95%	61/190	32%	61/180	34%	Meetings include a Navy ball, safety meeting, awards ceremony, certification, and Navy rights and responsibilities.
April	20/22	91%	52/220	24%	52/200	26%	Meeting types include various lectures, merit awards, certification, Navy news, and in-service meetings.
July	22/23	96%	60/230	26%	60/220	27%	Meetings include training, seminars, award ceremonies, CPR certification, welfare, recreation, and safety.
September	18/22	82%	49/220	22%	49/180	27%	Meetings include seminars, training, ceremonies, and in-service.
November	19/20	95%	51/200	26%	51/190	27%	Meeting types include training, ceremonies, seminars, and safety.
Annualized Totals ^{3/}	97/106	92%	273/1,060	26%	273/975	28%	

^{1/} Days in month less weekends and holidays unless otherwise indicated.

^{2/} Assume 10 hours per available day.

^{3/} The above five months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: NMRI; GA/Partners.

L081A/tables.h11/taj.15

MEETING SPACE UTILIZATION ANALYSIS
USUHS (UNIVERSITY) - AUDITORIUM

1287

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Days Available	1/ (Percent)	Total Number of Hours Scheduled/ Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/ Total Number of Hours on Scheduled Days		
					(Hours)	(Percent)	
January	N/A	N/A	N/A	N/A	N/A	N/A	N/A
February	14/22 ^{1/}	64%	79/220	36%	79/140	56%	Meetings include various surgery seminars, classes, and association meetings
March	N/A	N/A	N/A	N/A	N/A	N/A	N/A
April	20/25 ^{1/}	80%	115/250	46%	115/200	58%	Meetings include Surgeon General's conference, public affairs, facilities management, and several classes and seminars
May	20/23 ^{1/}	87%	154/230	67%	154/200	77%	Transition to residency certification and Nurse Anesthesia Conference took a block of a week each. Other meetings include two Surgeon General's management meetings and various seminars and classes.
June	18/23	78%	108/230	47%	108/180	60%	Activities include a 5-day Preventive Medicine Course, National Boards, Reserve Drills, and 3 Public Affairs meetings
July	17/26 ^{1/}	39%	44/260	17%	44/100	44%	Activities include classes and two seminars
August	17/22	77%	140/220	64%	140/170	82%	Activities include a week long orientation, a 4-day technology conference, and various classes and seminars
September	20/23 ^{1/}	87%	117/230	51%	117/200	59%	Meeting types include 3 full days of examinations, award ceremonies, facilities management meetings, and several seminars
October	18/25 ^{1/}	72%	124/250	50%	124/180	70%	Major activities include a 2-day surgical group seminar and a 2-day annual conference of Military Medicine
November	15/22	68%	74/220	34%	74/150	49%	Primary activities include several examinations, seminars, and classes
December	20/23	87%	46/230	20%	46/200	23%	Meetings are mainly short classes, lectures, and examinations
Annual Total	172/234	74%	1,001/2,340	43%	1,001/1,720	58%	

^{1/} Days in month less weekends and holidays unless otherwise indicated.

^{2/} Assume 10 hours per available day.

^{3/} Includes Saturday classes.

Source: GA/Partners.

L081A/tables.h11/taj.16

MEETING SPACE UTILIZATION ANALYSIS
USUHS (UNIVERSITY) - AUDITORIUM
1988

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized	
	Total Number of Days Scheduled/ Total Number of Days Available	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	2/ (Percent)
January	19/21	91%	71/210	34%	71/190	37%
February	13/21	62%	56/210	27%	56/130	43%
March	20/26 ^{1/}	77%	103/260	40%	103/200	52%
April	19/24 ^{3/}	79%	87/240	36%	87/190	46%
May	12/22	55%	79/220	36%	79/120	66%
June	13/22	59%	84/220	38%	84/130	65%
July	2/20	10%	4/200	2%	4/20	20%
August	8/23	35%	51/230	22%	51/80	64%
September	6/22	26%	53/220	24%	53/60	88%
October	3/21	14%	26/210	12%	26/30	87%
November	4/22	18%	36/220	16%	36/40	90%
December	5/19	26%	32/190	17%	32/50	64%
Annual Totals	124/319	40%	682/2,410	28%	682/1,240	55%

Meeting Types, Users, and Observed Usage Patterns

Users include the University, FDA, and the Surgeon General. Various University classes represent approximately 70 percent of total demand.

Meetings are primarily University related classes and seminars.

Conferences include surgery seminars and post graduate classes.

Conference types include faculty, senate meetings, parents day, and GCE classes.

Meetings and conferences include residency transitions, seminars, and symposiums.

Most meetings are course related.

Two Surgeon General meetings are scheduled.

Student orientation represents the major space scheduled.

National Boards and American Boards of Internal Medicine take the 6 days.

Surgery seminars.

Surgery seminars.

Surgery seminars.

^{1/} Days in month less weekends and holidays unless otherwise indicated.
^{2/} Assume 10 hours per available day.
^{3/} Includes 2 to 4 Saturday classes.
 Source: USUHS; GA/Partners.
 L081A/tables..11/taj.17

MEETING SPACE UTILIZATION ANALYSIS
NSHS (BLDG 141) - AUDITORIUM
1988

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/	Total Number of Days Available	Total Number of Hours Scheduled/Total Number of Hours Available	(Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	(Percent)	
January	8/20	40%	80/200	40%	80/80	100%	NCA uses space for 8 hours every Thursday Quality Assurance Workshop
February	17/24	71%	170/240	71%	170/170	100%	Lt. Padula's class for 9 full days Health Resources Management for 8 full days
March	22/22	100%	220/220	100%	220/220	100%	Health Resources Management for 5 full days CDC Class for 8 full days Management Development Course for 9 days
First Quarter Totals ^{2/}	47/66	71%	470/660	71%	470/470	100%	

^{1/} Days in month less weekends and holidays unless otherwise indicated.

^{2/} Assume 10 hours per available day.

^{3/} According to administrative management, past trends indicate first quarter and annual utilization rates are homogeneous.

Source: NSHS; GA/Partners.
 L081A/tables.h11/taj.19

MEETING SPACE UTILIZATION ANALYSIS
MSHS (Bldg 141) - Classroom A
1988

<u>Months</u>	<u>Days Utilized</u>		<u>Hours Utilized</u>		<u>Average Hours/Days Utilized</u>		<u>Meeting Types, Users, and Observed Usage Patterns</u>
	<u>Total Number of Days Scheduled/Total Number of Days Available</u> <u>1/</u> <u>(Days)</u> <u>(Percent)</u>	<u>(Percent)</u>	<u>Total Number of Hours Scheduled/Total Number of Hours Available</u> <u>2/</u> <u>(Hours)</u> <u>(Percent)</u>	<u>(Percent)</u>	<u>Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days</u> <u>2/</u> <u>(Hours/Days)</u> <u>(Percent)</u>	<u>(Percent)</u>	
January	15/20	75%	150/200	75%	150/150	100%	SMRCC has scheduled 10 full days MOB has scheduled 5 full days
February	12/24	50%	120/240	50%	120/120	100%	Senior Leadership and Management course for 9 full days MOB for 3 full days
March	14/22	64%	140/220	64%	140/140	100%	MED-MOB for 4 full days SMRCC for 10 full days
First Quarter Totals ^{3/}	41/66	62%	410/660	62%	410/410	100%	

^{1/} Days in month less weekends and holidays unless otherwise indicated.

^{2/} Assume 10 hours per available day.

^{3/} According to administrative management, past trends indicate first quarter and annual utilization rates are homogeneous.

Source: MSHS; GA/Partners.
 L081A/tables.h11/taj.20

MEETING SPACE UTILIZATION ANALYSIS
NSHS (BIDG 141) - CLASSROOM B
1988

<u>Months</u>	<u>Days Utilized</u>		<u>Hours Utilized</u>		<u>Average Hours/Days Utilized</u>	
	<u>Total Number of Days Scheduled/</u> <u>Total Number of Days Available</u> <u>1/</u> <u>(Days)</u> <u>(Percent)</u>	<u>100%</u>	<u>Total Number of Hours Scheduled/Total Number of Hours Available</u> <u>(Hours)</u> <u>(Percent)</u>	<u>100%</u>	<u>Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days</u> <u>2/</u> <u>(Hours/Days)</u> <u>(Percent)</u>	<u>100%</u>
January	20/20	100%	200/200	100%	200/200	100%
February	11/24	46%	110/240	46%	110/110	100%
March	9/22	41%	90/220	41%	90/90	100%
First Quarter Total	40/66	61%	400/600	61%	400/400	100%

Meeting Types, Users, and Observed Usage Patterns
 Intermediate management and leadership training is scheduled for the entire month.
 Patient administration course will use 10 full days. NCA will use 1 full day.
 NCA is scheduled for a full day every Thursday. Quality assurance workshop is scheduled for 5 full days.

- 1/ Days in month less weekends and holidays unless otherwise indicated.
 2/ Assume 10 hours per available day.
 3/ According to administrative management, past trends indicate first quarter and annual utilization rates are homogeneous.
 Source: NSHS; GA/Partners.
 L081A/tables.h11/taj.18

MEETING SPACE UTILIZATION ANALYSIS
NSHS (BLDG 141) - CLASSROOM C
1988

Months	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns	
	Total Number of Days Scheduled/ Days Available	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	2/ (Percent)		
								(Days)
January	14/20	70%	70%	140/200	70%	140/140	100%	Financial and Supply Management Training Course (FSMTC) will occupy space
February	24/24	100%	100%	240/240	100%	240/240	100%	FSMTC will occupy space for the entire month
March	22/22	100%	100%	220/220	100%	220/220	100%	FSMTC will occupy all of March
First Quarter Totals ^{3/}	60/66	91%	91%	600/660	91%	600/600	100%	

Financial and Supply Management Training Course (FSMTC) will occupy space
 FSMTC will occupy space for the entire month
 FSMTC will occupy all of March

1/ Days in month less weekends and holidays unless otherwise indicated.
 2/ Assume 10 hours per available day.
 3/ According to administrative management, past trends indicate first quarter and annual utilization rates are homogeneous.
 Source: NSHS; GA/Partners.
 L081A/tables.h11/raj.21

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - ROOM 2004
1987

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Days Available	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	3/ (Percent)	
January	15/21	71%	100/210	47%	100/150	66%	6 days used only part of the day (AM or PM) Largest users is SEAT Used for 2 weekends for Reserve training
April	20/22	91%	106/220	48%	106/200	53%	Used one Saturday for Reserve training 11 days used only part of the day (AM or PM)
August	21/21	100%	118/210	56%	118/210	56%	5 days used less than 4 hours "Exchange" and SEAT are largest single users
December	16/22	73%	89/220	40%	89/160	55%	Used one Saturday for Reserve training Used for more than 8 hours for six days Used by Montgomery College in early evening on 3 days
Annualized Totals	72/86	84%	413/860	48%	413/720	57%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.
 L081A/tables.h11/taj.24

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - ROOM 2004
1988

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Total Number of Days Available (Days)	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available (Hours)	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days (Hours/Days)	3/ (Percent)	
January	17/20	85%	45/200	43%	85/170	50%	8 days used only part of the day, with 5 days used less than 2.0 hours Used in evenings by Montgomery County College Wide representation of use from all departments within the hospital
April	17/21	81%	81/210	39%	81/170	48%	Reserved by graduate education for 3 full days Reserved for class normally held in Amphitheater when "bumped" by JCAH update Reserved by Reserves for 5 weekends
August	16/23	70%	50/230	22%	50/160	31%	Reserved by Reserves for 4 weekends 14 days have 4 hours or less reserved
December	9/22	41%	28/220	13%	28/90	31%	Reserved weekly by 2 two hour classes 6 days have 2 hours or less reserved
Annualized Totals ^{3/}	59/86	69%	204/860	24%	204/590	35%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.

L081A/tables.h11/taj.27

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - AMPHITHEATER
1987

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Total Number of Days Available (Days)	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available (Hours)	(Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days (Hours/Days)	(Percent)	
January	21/21	100%	154/210	73%	154/210	73%	10 days used only part of the day (AM or PM) Largest users are SEAT and Internal Medicine
April	22/22	100%	125/220	57%	125/220	57%	Averages between 1 and 2 users daily 10 days used by single user 8 hours or more Used one Saturday for full day class
August	15/21	71%	85/210	40%	85/150	57%	Reserved weekly for full day class 5 days of greater than 8 hour usage
December	16/22	73%	92/220	42%	92/160	57%	7 days of greater than 8 hour usage 5 days or less than 4 hour usage
Annualized Totals	74/86	86%	456/860	53%	456/740	62%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.
 L081A/tables.h11/taj.25

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - AMPHITHEATER
1988

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/Total Number of Days Available	1/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	2/ (Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days	3/ (Percent)	
January	17/20	85%	95/200	48%	95/170	56%	6 days used only part of the day (AM or PM) Scheduled largely for awards 2 day orientation scheduled
April	19/21	90%	82/210	39%	82/190	43%	10 days scheduled less than or equal to 3 hours Scheduled for JCAH update for 4 days Scheduled for ground rounds Thursdays and Fridays for 1 hour each day
August	14/23	61%	61/230	27%	61/140	44%	Amphitheater reserved largely for command activities: CO awards, command orientations, and CO films 6 days reserved for less than or equal to 2 hours
December	12/22	54%	51/220	23%	51/120	43%	Activities scheduled are predominately command activities. 40 hours (79%) of scheduled time is CO activities
Annualized Totals ^{3/}	62/86	72%	289/860	34%	289/620	47%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.
L081A/tables.h11/taj.26

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - ROOM 1022
1987

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/Total Number of Days Available 1/	(Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	(Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days 2/	(Percent)	
January	19/21	90%	130/210	62%	130/190	68%	7 days used only part of the day 4 days dedicated to the press On average, used only by one user
April	20/22	91%	114/220	52%	114/200	57%	9 days used only part of the day (less than 4 hours) Used two full days for training
August	15/21	71%	51/210	24%	51/150	34%	Used two Saturdays for Reserve training For 10 reserved days, use was less than or equal to 3 hours Used 2 full days in support of Audio Training
December	17/22	77%	66/220	30%	66/170	39%	Used one Saturday for Reserve training For 8 reserved days, use was less than or equal to 3 hours
Annualized Totals 3/	71/86	83%	361/860	42%	361/710	51%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT/GA/Partners.
L081A/tables.h11/taj.23

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - ROOM 1022
1988

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Total Number of Days Available ^{1/}	(Percent)	Total Number of Hours Scheduled/Total Number of Hours Available	(Hours)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days ^{2/}	(Hours/Days)	
January	19/20	95%	57/200		57/190		14 days used only part of the day, with 6 days used less than 2 hours No single large user during the month
April	21/21	100%	66/210		66/210		Reserved a full day by Grad Ed Scheduled by Surgery for 1 hour/week 12 days reserved for less than 3 hours Reserved by Reserves for 5 weekend days
August	20/23	87%	45/230		45/200		Reserved by Reserves for 4 weekend days 15 days have less than 3 hours reserved
December	7/22	32%	24/220		24/70		Reserved by Reserves for 2 weekend days 4 days has less than 3 hours reserved
Annualized Totals ^{3/}	67/86	78%	192/860		192/670		

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^{1/} Days in month less weekends and holidays unless otherwise indicated.

^{2/} Assumes 10 hours per available day.

^{3/} The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.
L081A/tables.h11/taj.28

MEETING SPACE UTILIZATION ANALYSIS
STAFF EDUCATION AND TRAINING (SEAT) - ROOM 2002
1987

Month	Days Utilized		Hours Utilized		Average Hours/Days Utilized		Meeting Types, Users, and Observed Usage Patterns
	Total Number of Days Scheduled/ Total Number of Days Available 1/ (Days)	(Percent)	Total Number of Hours Scheduled/Total Number of Hours Available (Hours)	(Percent)	Total Number of Hours Scheduled/Total Number of Hours on Scheduled Days (Hours/Days)	(Percent)	
January	19/21	90%	72/210	34%	72/190	38%	11 days used only part of the day (AM or PM) used for 4 weekends by Reserves for 10 hrs/day On average, 2 users per day
April	22/22	100%	90/220	41%	90/220	41%	Used one Saturday for Reserve duty Majority of days used by multiple users for less than 3 hours each Used weekly by Entomology Department and Food Service
August	21/21	100%	92/210	44%	92/210	44%	Used two Saturdays for Reserve duty Used part-time in 5 day audio class Used 2 early evenings by Montgomery County College Used by many departments -- Dental, Opthomology, and OB-GYN
December	18/22	82%	180/220	82%	180/180	100%	Used 10 hours 100% of the days used No information provided on users. Space was blocked off by SEAT.
Annualized Totals 3/	80/86	93%	434/860	50%	434/800	54%	

1/ Days in month less weekends and holidays unless otherwise indicated.

2/ Assumes 10 hours per available day.

3/ The above months are very similar to non-represented months in terms of meeting patterns, and thus when aggregated are an accurate measure of annual utilization.

Source: SEAT; GA/Partners.

L081A/tables.h11/taj.22

4. USER DEMAND PROJECTIONS

1988 EXPECTED LEVEL OF MEETING USE 1/

BY BETHESDA NAVAL COMMAND BASED ON

1988 "PAID FOR" MEETING DEMAND

Command	Meeting Type	# of Attendees	Meetings/Year	% New Facility Use	Ave. Duration (Days)	TOTAL USE 2/ (Person-Day)
1 NMRI	Reward Ceremonies	75	8	33%	0.3	55.7
	Educational Sem.	75	8	33%	1.0	185.6
Subtotal						241.3
2 NMSETC	Mgt Planning	8	8	42%	5.0	116.7
	Working Groups	40	3	42%	5.0	207.5
	Grad Med. Conference	1,200	1	100%	5.0	6000.0
Subtotal						6,324.2
3 AFFRI	Reward Ceremonies	200	3	42%	0.3	62.3
	Educational Sem.	50	7	42%	3.0	435.8
Subtotal						498.0
4 USHS	Reward Ceremonies	300	3	33%	0.5	123.8
	Educational Sem.	50	13	33%	2.5	515.6
Subtotal						639.4
5 R&D Command	Mgt Planning	110	1	100%	3.5	385.0
	Mgt Planning	50	3	75%	2.5	281.3
	Overseas Visit	25	2	100%	2.5	125.0
	Science Review	10,000	1	0%	5.0	0.0
	Additional Mtgs	120	2	100%	4.0	960.0
Subtotal						1,751.3
6 NSHS	Educational Sem.	60	7	100%	12.0	5040.0
	Training	60	7	100%	12.0	5040.0
	Other Meetings					
Subtotal						10,080.0
TOTAL PAID FOR PERSON DAYS						19,534.2

- 1/ Estimate based on survey of eleven commands located at Bethesda Naval Command.
 Estimate reflects those meetings for which commands will be willing to pay full market rents.
 2/ Assumes no housing limitations and no conflicts with monetary allocations for conference facility use.

EXPECTED LEVEL OF MEETING USE 3/

BY BETHESDA NAVAL COMMAND BASED ON

1988 "FREE" MEETING DEMAND

NUMBER	COMMAND	MEETING TYPE	NUMBER/ YEAR	AVERAGE NUMBER OF ROOMS	AVERAGE DURATION (DAYS)	AVERAGE NUMBER OF ATTENDEES	TOTAL ADD'L ON BASE PERSON MEETING DAYS
1	NSHS	Mgt/Planning	7	4	10.0	50	3,500
	NSHS	Reward	1	1	0.3	30	9
	NSHS	Training	0	6	12.0	60	0
	NSHS	Ed. Seminars	0	6	12.0	60	0
	Subtotal/Average		8	4.3	8.6	50	3,509
2	Naval R & D	Mgt/Planning	0	2	3.5	110	0
	Naval R & D	Program Rev.	0	1	2.5	35	0
	Naval R & D	Wking Groups	0	3	2.5	35	0
	Naval R & D	Annual Mtg	0	4	5.0	10,000	0
	Subtotal/Average		0	3	3.4	2,545	0
3	Med. Data	Mgt/Planning	12	1	0.2	25	60
	Med. Data	Program Rev.	52	1	1.0	10	520
	Med. Data	Reward	4	0	0.1	20	20
	Med. Data	All Hands	4	1	1.0	110	440
	Subtotal/Average		72	0.8	0.6	48.8	1,040
4	AFRI	Reward	23	1	0.3	300	2,070
	AFRI	Training	10	20	3.0	50	1,500
	AFRI	Ed. Seminars	243	3	3.0	50	36,450
	AFRI	Wking Groups	50	4	1.0	100	5,000
	Subtotal/Average		326	7	1.8	125	45,020
5	USUNS	Reward	9	1	0.5	300	1,350
	USUNS	Training	200	20	1.0	75	15,000
	USUNS	Ed. Seminars	185	20	2.5	50	23,125
	Subtotal/Average		394	13.7	1.3	142	39,475
6	MMRI	Reward	12	1	0.3	50	180
	MMRI	Training	50	3	0.5	75	1,875
	MMRI	Ed. Seminars	92	3	1.0	75	6,900
	MMRI	Wking Groups	50	3	0.5	25	625
	Subtotal/Average		204	3	0.6	56.3	9,580
7	MMCHCR	NONE	0	0	0	0	0
8	NCI	Mgt/Planning	300	2	0.5	50	7,500
	NCI	Training	300	3	0.5	50	7,500
	NCI	Ed. Seminars	300	2	0.5	50	7,500
	Subtotal/Average		900	2.3	0.5	50.0	22,500
9	Naval HSETC	Mgt/Planning	12	2	5.0	10	600
	Naval HSETC	Program Rev.	10	2	5.0	10	500
	Naval HSETC	Training	25	2	5.0	50	6,250

Naval MSETC Wking Groups	0	1	5.0	5	0
Naval MSETC Med. Confer.	0	30	5.0	1,200	0
	--	--	--	--	--
Subtotal/Average	47	7	5.0	255	7,350
10 Staff Educ. Training	175	1	1.0	100	17,500
Staff Educ. Ed. Seminars	44	1	5.0	100	22,000
Staff Educ. Orientations	65	1	2.0	250	32,500
	--	--	--	--	--
Subtotal/Average	284	1	2.7	150	72,000
11 Officer Mess	None	0		0	
=====					
TOTAL FREE MEETING REQTS	2,235	5	3	380	200,474
AVERAGE MEETINGS REQUIREMENTS					=====
0.00% Market Share @ Market Rents					0
12.00% Market Share @ 80% Market					24,057
50.00% Market Share @ 30% Market					100,237

3/ Estimates based on survey of eleven commands located at Bethesda Naval Hospital Command.

CONFERENCE CENTER ANNUAL DEMAND ANALYSIS
=====

BETHESDA NAVAL COMMAND
=====

User Segment II: National Institute of Health
" Paid for" Meetings

A. Present Meeting Patterns 4/	

Total Meetings	512
Total # of DC "Off-site" Meetings	84
Ave.# DC "Off-site" Mtgs/Institute	14
Number of D.C. Based Institutes	11
Average # Meeting days/ Meeting 5/	2
Average # Hours/Meeting Day 5/	10
Average # Meeting Rooms/Meeting 5/	3
Average # Attendees/Meeting	100
TOTAL "OFF-SITE PERSON MEETING DAYS"	30,800
25.00% CAPTURE RATE @ Market	7,700
35.00% CAPTURE RATE @ 80% Market	10,780
TOTAL "OFF-SITE MEETING ROOM DAYS"	924
B. Anticipated 1989 Meeting Patterns with Conference Facility at Bethesda (a80%)	

5.00% Add-on due to Pattern Change 6/	11,319

4/ Patterns noted are based on a survey of six NIH Institutes based in Bethesda. Institutes were observed to have average to high meeting patterns.

5/ Patterns are estimates based on observations of the six NIH institutes. These are not meant to be definitive.

6/ Institutes surveyed did not indicate an expected increase in meeting patterns. A minimal increase is expected due to capture of market that used to leave the market area to use facilities such as Xerox Training Center in Leesburg, Va.

Montgomery County Federal Government

A. Present Meeting Patterns 7/

total # Locations in Montgomery Cty	58
# of Locations with more than 50 personnel	29
Less: MIH offices	9
# of Agencies Considered	20
Ave. # DC "Off-site" Mtgs/Agencies	14
Average # Attendees/Meeting	50
TOTAL "OFF-SITE PERSON MEETING DAYS" 8/	14,000
10.00% CAPTURE RATE @ Market	1,400
20.00% CAPTURE RATE @ 80% Market	2,800

D.C. Federal Government

B. Present Meeting Patterns 9/

Total # Locations in D.C.	0
# of Locations with more than:	
100 personnel	67
500 personnel	35
1000 personnel	36
# of Agencies Considered	138
Ave. # DC "Off-site" Mtgs/Agencies	10
Average # Attendees/Meeting	50
TOTAL "OFF-SITE PERSON MEETING DAYS" 10/	69,000
5.00% CAPTURE RATE	3,450

7/ Meeting patterns are based on MIH patterns as observed in six institutes. Federal offices considered in Montgomery County had over 50 personnel and were located in Lower Montgomery County.

8/ Assumption is that all off-site meetings are 10 hours, or one full day. No details with respect to meeting room requirements are specified. personnel at any single location.

9/ Federal Agencies considered were located in D.C. and had over 100 personnel at any single location.

10/ Total number of "off-site meeting days" was determined by using an average of 10 meeting days per year. This assumes a lower demand for smaller offices and a higher demand for offices of over 1000 personnel.

User Segment IV: Other Montgomery County Demand
 " Paid for" meetings

A. Total # of Meetings in Area/Year 11/	9,720
B. Less:	
Bethesda Naval Command	45
NIH	308
Montgomery County Federal Govt	280
D.C. Federal Government 12/	138
C. Net # Meetings in Area/Year	8,949
2.00% CAPTURE RATE (Q mkt)	179
25 Average # Attendees	4,475
3.00% CAPTURE RATE (Q 80% mkt)	268
25 Average # Attendees	6,712

- 11/ Total Number of Meetings is based on reports from "suppliers" of conference/meeting space in Montgomery County near the project site.
- 12/ D.C. Federal Government office's use of conference/meeting space in Montgomery County presently is expected to be approximately 10 percent of their total off-site meeting demand.

21-Feb-88

OVERNIGHT STAY REQUIREMENTS STUDY

Based on conference center/meeting activity

Commands 1/	ANNUAL ON BASE MEETINGS				ANNUAL OFF BASE MEETINGS			
	Total Meetings on Base 2/	% Mtgs Requiring Hotel-type Facilities	Average # Hotel-type Rooms/ Mtg	Average # Days Req'd	Total Meetings off Base 2/	% Mtgs Requiring Hotel-type Facilities	Average # Hotel-type Rooms/ Meeting 3/	Average # Days Req'd
USUHS	412	15%	8	1.0	15	80%	40	2.5
Naval Medical Data Services Center	72	0%	0	0.0	0	0%	0	0.0
NHRI	220	5%	2	1.0	0	0%	0	0.0
MCI	156	5%	3	1.0	0	0%	0	0.0
NSHS	22	90%	25	10.0	3	100%	40	10.0
AFRR	335	15%	5	1.0	10	90%	50	2.5
NNSETC	59	75%	8	4.5	1	100%	1,200	4.5
Naval Medical R&D	6	75%	20	2.5	11	100%	15	4.5
TOTAL	1,282	35%	9	3.0	5	100%	30	2.5
"GRAND TOTAL"					45	94%	272	4.4
								10,043

Ave # Rms Req'd/ Work day = 66.6 rooms/day
 Original PKF Study allocation
 for transients / night 42.0 rooms/day

- 1/ Eight of eleven commands surveyed indicated a need for on-site meeting facilities.
 2/ Number of meetings on base is based on indepth surveys conducted January 1988.
 3/ Total reflects an average of those commands with off-site meeting requirements.

APPENDIX C
FINANCIAL OPERATING PROJECTIONS AND TECHNICAL NOTES
CONFERENCE CENTER AT BETHESDA NAVAL COMMAND

1. At Market Rates
2. At 80 Percent of Market Rates
3. At 30 Percent of Market Rates

1. AT MARKET RATES

BETHESDA NAVAL COMMAND CONFERENCE CENTER
=====

22-Feb-88

PROJECTED NET OPERATING INCOME
=====

BASED ON FULL MARKET RENTS
=====

(Thousands of Dollars)

Revenue: 1/ =====	1	2	3	4	5	6	7	8	9	10
Meeting Rooms:										
1 Bethesda Naval Command	\$126.58	\$157.97	\$188.94	\$216.14	\$247.27	\$282.87	\$308.90	\$337.32	\$368.35	\$402.24
2 NIH	\$49.90	\$57.08	\$62.33	\$68.07	\$74.33	\$81.17	\$85.23	\$96.79	\$105.69	\$115.42
3 Federal Government	\$31.43	\$33.63	\$35.51	\$37.52	\$39.67	\$41.96	\$44.40	\$47.02	\$49.81	\$52.80
4 "Other"	\$28.99	\$33.17	\$36.22	\$39.55	\$43.19	\$47.17	\$51.51	\$56.24	\$61.42	\$67.07
5 Other Washington Area Naval Commands	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6 Meeting Room Revenue	\$236.90	\$281.85	\$323.00	\$361.29	\$404.46	\$453.17	\$490.03	\$537.37	\$585.28	\$637.53
7 Percentage Total Occupancy	10%	11%	12%	13%	14%	15%	16%	17%	17%	18%
8 Food & Beverage (Net)	\$96.51	\$115.78	\$133.12	\$149.37	\$167.69	\$188.36	\$205.69	\$224.61	\$245.27	\$261.39
9 Rentals & Other Income	\$6.80	\$8.11	\$9.31	\$10.42	\$11.68	\$13.09	\$14.20	\$15.55	\$16.95	\$17.94
10 TOTAL REVENUES	\$340.22	\$405.74	\$465.43	\$521.08	\$583.83	\$654.62	\$709.92	\$777.53	\$847.50	\$896.86
Departmental Expenses										
11 Meeting Rooms (incl. payroll)	\$450.00	\$468.00	\$486.72	\$506.19	\$526.44	\$547.49	\$569.39	\$592.17	\$615.86	\$640.49
12 Food & Beverage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13 Rentals & Other	\$5.10	\$6.09	\$6.98	\$7.82	\$8.76	\$9.82	\$10.65	\$11.66	\$12.71	\$13.45
14 Total Departmental Expenses	\$455.10	\$474.09	\$493.70	\$514.01	\$535.19	\$557.31	\$580.04	\$603.83	\$628.57	\$653.94
15 Gross Operating Income	(\$114.88)	(\$68.34)	(\$28.27)	\$7.08	\$48.63	\$97.30	\$129.88	\$173.70	\$218.93	\$242.92
Undistributed Operating Expenses										
16 Administrative & General	\$150.00	\$156.00	\$162.24	\$168.73	\$175.48	\$182.50	\$189.80	\$197.39	\$205.29	\$213.50
17 Marketing	\$150.00	\$156.00	\$162.24	\$168.73	\$175.48	\$182.50	\$189.80	\$197.39	\$205.29	\$213.50
18 Energy Costs	\$50.00	\$52.00	\$54.08	\$56.24	\$58.49	\$60.83	\$63.27	\$65.80	\$68.43	\$71.17
19 Property Operation & Maintenance	\$50.00	\$52.00	\$54.08	\$56.24	\$58.49	\$60.83	\$63.27	\$65.80	\$68.43	\$71.17
20 Management Fee	\$100.00	\$104.00	\$108.16	\$112.49	\$116.99	\$121.67	\$126.53	\$131.59	\$136.86	\$142.33
21 Total Undistributed Expenses	\$500.00	\$520.00	\$540.80	\$562.43	\$584.93	\$608.33	\$632.66	\$657.97	\$684.28	\$711.66
22 Gross Operating Profit	(\$614.88)	(\$588.34)	(\$569.07)	(\$555.36)	(\$536.30)	(\$511.02)	(\$502.78)	(\$484.27)	(\$465.35)	(\$468.74)
Fixed Charges										
23 Property Taxes/Land Lease Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24 Insurance	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25
25 Replacement Reserve	\$17.01	\$20.29	\$23.27	\$26.05	\$29.19	\$32.73	\$35.50	\$38.88	\$42.38	\$44.84
26 Total Fixed Charges	\$23.26	\$26.54	\$29.52	\$32.30	\$35.44	\$38.98	\$41.75	\$45.13	\$48.63	\$51.09
27 Net Operating Income	(\$638.14)	(\$614.88)	(\$598.59)	(\$587.66)	(\$571.74)	(\$550.00)	(\$544.53)	(\$529.40)	(\$513.98)	(\$519.83)
28 Cash Flow Before Financing										
Capital Expenditures										
29 Total Capital Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30 Cash Flow	(\$638.14)	(\$614.88)	(\$598.59)	(\$587.66)	(\$571.74)	(\$550.00)	(\$544.53)	(\$529.40)	(\$513.98)	(\$519.83)
31 IRR										
32 NPV a										

=====		
Assumptions:		

CPI	4.00%	
Cost/person for		
meeting space @ market	\$6.48	
meeting space @ 80 % market	\$5.18	
meeting space @ 30 % market	\$1.94	
Market Shares:		
NAVY "free" @ Mkt	0.00%	
NAVY "free" @ 80% Mkt	12.00%	
NAVY "free" @ 30% Mkt	50.00%	
NIN @ Mkt	25.00%	
NIN @ 80% Mkt (used w/30%)	35.00%	
Mont.Cty Fed'l Govt @ Mkt	10.00%	
Mont.Cty County Govt @ 80% Mkt	20.00%	
D.C. Federal Govt	5.00%	
"Other" @ Mkt	2.00%	
"Other" @ 80% Mkt	3.00%	
Total Occupancy		378,000
of 1500 persons		226,800
of 900 persons		25,000
Conference Center Size (sf)		

TECHNICAL NOTES
BETHESDA NAVAL COMMAND
CONFERENCE CENTER PRO FORMA
AT MARKET RATES

REVENUES

- Line 1. Bethesda Naval Command meeting room revenue is derived in Year 1 from information gathered in the survey of the eight (8) Bethesda Naval Hospital Commands indicating their existing offsite meeting patterns and their predicted use of a onsite "paid-for" conference facility. Increase in demand in the first 2 years of operation (Years 2 and 3) is predicted to be 20 percent and 15 percent, respectively, with yearly increases decreasing to 10 percent during Years 4-6 and 5 percent in Years 7-10.
- Line 2. NIH meeting room revenue is derived using a 25 percent capture rate for all NIH offsite meetings as measured by our survey of 6 NIH Washington-based institutes. Meeting demand is predicted to increase 10 percent in Year 2 and increase 5 percent annually in Years 3 through 10.
- Line 3. Federal government meeting room revenue is derived using the estimates of NIH meeting patterns. Minimum office sizes of 50 personnel in Montgomery County - 100 personnel in Washington, D.C. were analyzed and capture rates of 10 percent and 5 percent were applied respectively. A growth rate in demand of 10 percent was predicted in Year 2, and an annual growth rate of 5 percent was assumed in Years 3-10 for Montgomery County federal government offices. A constant meeting demand in Montgomery County is assumed for D.C. federal offices.
- Line 4. "Other" demand represents other demand identified by Montgomery County conference facility suppliers. A 2 percent capture rate is assumed, and growth of this segment is reflected at 10 percent in Year 2 and stabilizing at 5 percent annually during Years 3 through 10.
- Line 5. Other Washington area naval command meeting room revenue represents the meeting demands of other

Washington area naval commands at a Bethesda naval center conference facility. No information on this level of demand is available.

- Line 6. Sum of Lines 1 through 5.
- Line 7. Assumed a full occupancy of 1,500 persons for 252 annual working days. Stabilized operations are reached at 55 percent utilization.
- Line 8. Assumes 80 percent of attendees eat two full meals at \$7.00/meal and use three coffee breaks at \$2.50/person. Conference Center receives 20 percent gross revenues.
- Line 9. Represents 2 percent of total revenues.
- Line 10. Sum of Lines 6, 8, and 9.

DEPARTMENTAL EXPENSES

- Line 11. Meeting room departmental expenses include payroll and related expenses, and other expenses including guest supplies, cleaning supplies, etc.
- A fixed expense of \$450,000 is assumed to remain constant until an occupancy of 55 percent is reached. As occupancy levels increase about 55 percent, operating expenses approximate 35 percent of total revenues, decreasing to 28 percent of revenues at maximum occupancy levels.
- Line 12. Food and beverage departmental expenses are zero due to the contracting arrangement assumed for the revenue derivation (Line 8). Revenues reported were net of expenses.
- Line 13. Equipment rentals department expenses are projected to average 1.5 percent of total revenue.
- Line 14. Sum of Lines 11 through 13.
- Line 15. Line 10 minus Line 14.

UNDISTRIBUTED OPERATING EXPENSES

- Line 16. Administrative and general expenses consist of payroll and other expenses. As a result of economies of scale, this expense would decrease

with an increase in utilization. Administrative expenses are fixed at \$150,000/year until a 55 percent occupancy is reached. At that time, the expense is computed at 5 percent of revenue declining marginally to 4 percent.

- Line 17. Marketing expense is assumed to remain constant at \$150,000 until occupancy levels reach 55 percent. At higher occupancy levels, marketing expenses represent 8 percent of total revenues declining to 6 percent.
- Line 18. Utility costs would decrease as a percent of total revenue based on the utilization rate. The energy costs bottom out at \$50,000 and at levels over 55 percent occupancy remain level at 3 percent of total revenues.
- Line 19. Property operation and maintenance would include payroll and related expenses as well as other expenses such as painting, maintenance, and operating supplies. Remaining constant at \$50,000 until occupancy levels reach 55 percent, these costs will continue to remain constant at a level of 2.5 percent of total revenues.
- Line 20. Management fees, for the management of the conference facility are fixed at \$100,000 per year until operations are stabilized at 55 percent, at which time they represent 5 percent of total revenue.
- Line 21. Sum of Line 16 through Line 20.
- Line 22. Line 15 minus Line 21.

FIXED CHARGES

- Line 23. Estimated property tax and land lease payments equal 0.
- Line 24. Estimated insurance for this type of facility totals \$0.25 per square foot, or \$6,250.
- Line 25. A replacement reserve of 5 percent of total revenues is assumed at all occupancy levels.
- Line 26. Sum of Line 23 through Line 25.
- Line 27. Line 22 minus Line 26.

2. AT 80 PERCENT OF MARKET RATES

PROJECTED NET OPERATING INCOME

BASED ON 80% MARKET RENTS

(Thousands of Dollars)

Revenue: 1/ =====	1 =====	2 =====	3 =====	4 =====	5 =====	6 =====	7 =====	8 =====	9 =====	10 =====
Meeting Rooms:										
1 Bethesda Naval Command	\$225.98	\$282.02	\$337.29	\$385.86	\$441.43	\$504.99	\$577.71	\$660.90	\$756.07	\$864.95
2 NIH	\$55.88	\$63.93	\$69.81	\$76.24	\$83.25	\$90.91	\$99.27	\$108.40	\$118.38	\$129.27
3 Federal Government	\$32.40	\$35.21	\$37.48	\$39.92	\$42.55	\$45.37	\$48.41	\$51.69	\$55.22	\$59.03
4 "Other"	\$34.79	\$39.80	\$43.47	\$47.46	\$51.83	\$56.60	\$61.81	\$67.49	\$73.70	\$80.48
5 Other Washington Area Naval Commands	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6 Meeting Room Revenue	\$349.05	\$420.96	\$488.05	\$549.48	\$619.05	\$697.87	\$787.21	\$888.49	\$1,003.38	\$1,133.73
7 Percentage Total Occupancy	18%	21%	23%	25%	27%	29%	32%	34%	37%	41%
8 Food & Beverage	\$177.76	\$201.17	\$222.44	\$242.82	\$265.49	\$290.74	\$312.89	\$336.90	\$362.93	\$391.15
9 Rentals & Other Income	\$10.75	\$12.70	\$14.50	\$16.17	\$18.05	\$20.18	\$22.45	\$25.01	\$27.88	\$31.12
10 TOTAL REVENUES	\$537.56	\$634.82	\$724.99	\$808.48	\$902.60	\$1,008.79	\$1,122.55	\$1,250.40	\$1,394.19	\$1,556.00
Departmental Expenses										
11 Meeting Rooms (incl. payroll)	\$450.00	\$468.00	\$486.72	\$506.19	\$526.44	\$547.49	\$569.39	\$592.17	\$615.86	\$640.49
12 Food & Beverage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13 Rentals & Other Expenses	\$10.75	\$12.70	\$12.18	\$13.58	\$15.16	\$16.95	\$18.86	\$21.01	\$23.42	\$26.14
14 Total Departmental Expenses	\$460.75	\$480.70	\$498.90	\$519.77	\$541.60	\$564.44	\$588.25	\$613.18	\$639.28	\$666.63
15 Gross Operating Income	\$76.81	\$154.13	\$226.09	\$288.70	\$361.00	\$444.35	\$534.30	\$637.23	\$754.91	\$889.37
Undistributed Operating Expenses										
16 Administrative & General	\$150.00	\$156.00	\$162.24	\$168.73	\$175.48	\$182.50	\$189.80	\$197.39	\$205.29	\$213.50
17 Marketing	\$150.00	\$156.00	\$162.24	\$168.73	\$175.48	\$182.50	\$189.80	\$197.39	\$205.29	\$213.50
18 Energy Costs	\$50.00	\$52.00	\$54.08	\$56.24	\$58.49	\$60.83	\$63.27	\$65.80	\$68.43	\$71.17
19 Property Operation & Maintenance	\$50.00	\$52.00	\$54.08	\$56.24	\$58.49	\$60.83	\$63.27	\$65.80	\$68.43	\$71.17
20 Management Fee	\$100.00	\$104.00	\$108.16	\$112.49	\$116.99	\$121.67	\$126.53	\$131.59	\$136.86	\$142.33
21 Total Undistributed Expenses	\$500.00	\$520.00	\$540.80	\$562.43	\$584.93	\$608.33	\$632.66	\$657.97	\$684.28	\$711.66
22 Gross Operating Profit	(\$423.19)	(\$365.87)	(\$314.71)	(\$273.73)	(\$223.93)	(\$163.98)	(\$98.36)	(\$20.74)	\$70.63	\$177.71
Fixed Charges										
23 Property Taxes/Land Lease Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24 Insurance	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25
25 Replacement Reserve	\$26.88	\$31.74	\$36.25	\$40.42	\$45.13	\$50.44	\$56.13	\$62.52	\$69.71	\$77.80
26 Total Fixed Charges	\$33.13	\$37.99	\$42.50	\$46.67	\$51.38	\$56.69	\$62.38	\$68.77	\$75.96	\$84.05
27 Net Operating Income	(\$456.32)	(\$403.87)	(\$357.21)	(\$320.40)	(\$275.31)	(\$220.67)	(\$160.74)	(\$89.51)	(\$5.33)	\$93.66
28 Cash Flow Before Financing										
Capital Expenditures										
29 Total Capital Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30 Cash Flow	(\$456.32)	(\$403.87)	(\$357.21)	(\$320.40)	(\$275.31)	(\$220.67)	(\$160.74)	(\$89.51)	(\$5.33)	\$93.66
31 IRR										
32 NPV a										

TECHNICAL NOTES
BETHESDA NAVAL COMMAND
CONFERENCE CENTER PRO FORMA
AT 80 PERCENT MARKET RATES

REVENUES

- Line 1. Bethesda Naval Command meeting room revenue is derived in Year 1 from information gathered in the survey of the eight (8) Bethesda Naval Hospital Commands indicating their existing offsite meeting patterns and their predicted use of a onsite "paid-for" conference facility. As well, a 12 percent market share of the 1987 "free" on-base meetings is expected in the first year. Increase in the total Bethesda Naval Command meeting demand in the first 2 years of operation (Years 2 and 3) is predicted to be 20 percent and 15 percent, respectively, with yearly increases decreasing to 10% during Years 4-6 and 5 percent in Years 7-10.
- Line 2. NIH meeting room revenue is derived using a 35 percent capture rate for all NIH offsite meetings as measured by our survey of 6 NIH Washington-based institutes. Meeting demand is predicted to increase 10 percent in Year 2 and increase 5 percent annually in Years 3 through 10.
- Line 3. Federal government meeting room revenue is derived using the estimates of NIH meeting patterns. Minimum office sizes of 50 personnel in Montgomery County - 100 personnel in Washington, D.C. were analyzed and capture rates of 20 percent and 5 percent were applied respectively. A growth rate in demand of 10 percent was predicted in Year 2, and an annual growth rate of 5 percent was assumed in Years 3-10 for Montgomery County federal government offices. A constant meeting demand in Montgomery County is assumed for D.C. federal offices.
- Line 4. "Other" demand represents other demand identified by Montgomery County conference facility suppliers. A 3 percent capture rate is assumed, and growth of this segment is reflected at 10 percent in Year 2 and stabilizing at 5 percent annually during Years 3 through 10.

- Line 5. Other Washington area naval command meeting room revenue represents the meeting demands of other Washington area naval commands at a Bethesda naval center conference facility. No information on this level of demand is available.
- Line 6. Sum of Lines 1 through 5.
- Line 7. Assumed a full occupancy of 1,500 persons for 252 annual working days. Stabilized operations are reached at 55 percent utilization.
- Line 8. Assumes 80 percent of attendees eat two full meals at \$7.00/meal and use three coffee breaks at \$2.50/person. Conference Center receives 20 percent gross revenues.
- Line 9. Represents 2 percent of total revenues.
- Line 10. Sum of Lines 6, 8, and 9.

DEPARTMENTAL EXPENSES

- Line 11. Meeting room departmental expenses include payroll and related expenses, and other expenses including guest supplies, cleaning supplies, etc.
- A fixed expense of \$450,000 is assumed to remain constant until an occupancy of 55 percent is reached. As occupancy levels increase about 55 percent, operating expenses approximate 35 percent of total revenues, decreasing to 28 percent of revenues at maximum occupancy levels.
- Line 12. Food and beverage departmental expenses are zero due to the contracting arrangement assumed for the revenue derivation (Line 8). Revenues reported were net of expenses.
- Line 13. Equipment rentals department expenses are projected to average 1.5 percent of total revenue.
- Line 14. Sum of Lines 11 through 13.
- Line 15. Line 10 minus Line 14.

UNDISTRIBUTED OPERATING EXPENSES

- Line 16. Administrative and general expenses consist of payroll and other expenses. As a result of economies of scale, this expense would decrease with an increase in utilization. Administrative expenses are fixed at \$150,000/year until a 55 percent occupancy is reached. At that time, the expense is computed at 5 percent of revenue declining marginally to 4 percent.
- Line 17. Marketing expense is assumed to remain constant at \$150,000 until occupancy levels reach 55 percent. At higher occupancy levels, marketing expenses represent 8 percent of total revenues declining to 6 percent.
- Line 18. Utility costs would decrease as a percent of total revenue based on the utilization rate. The energy costs bottom out at \$50,000 and at levels over 55 percent occupancy remain level at 3 percent of total revenues.
- Line 19. Property operation and maintenance would include payroll and related expenses as well as other expenses such as painting, maintenance, and operating supplies. Remaining constant at \$50,000 until occupancy levels reach 55 percent, these costs will continue to remain constant at a level of 2.5 percent of total revenues.
- Line 20. Management fees, for the management of the conference facility are fixed at \$100,000 per year until operations are stabilized at 55 percent, at which time they represent 5 percent of total revenue.
- Line 21. Sum of Line 16 through Line 20.
- Line 22. Line 15 minus Line 21.

FIXED CHARGES

- Line 23. Estimated property tax and land lease payments equal 0.
- Line 24. Estimated insurance for this type of facility totals \$0.25 per square foot, or \$6,250.

- Line 25. A replacement reserve of 5 percent of total
 revenues is assumed at all occupancy levels.
- Line 26. Sum of Line 23 through Line 25.
- Line 27. Line 22 minus Line 26.

3. AT 30 PERCENT OF MARKET RATES

BETHESDA NAVAL COMMAND CONFERENCE CENTER
=====

Revenue: 1/ =====	1	2	3	4	5	6	7	8	9	10 =====
Meeting Rooms:										
1 Bethesda Naval Command	\$232.84	\$288.76	\$343.26	\$390.38	\$444.06	\$505.21	\$574.89	\$650.46	\$736.56	\$834.67
2 MHN	\$55.88	\$63.93	\$69.81	\$76.24	\$83.25	\$90.91	\$99.27	\$108.40	\$118.38	\$129.27
3 Federal Government	\$32.40	\$35.21	\$37.48	\$39.92	\$42.55	\$45.37	\$48.41	\$51.69	\$55.22	\$59.03
4 "Other"	\$34.79	\$39.80	\$43.47	\$47.46	\$51.83	\$56.60	\$61.81	\$67.49	\$73.70	\$80.48
5 Other Washington Area Naval Commands	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6 Meeting Room Revenue	\$355.91	\$427.70	\$494.01	\$554.00	\$621.68	\$698.09	\$784.38	\$878.05	\$983.86	\$1,107.45
7 Percentage Total Occupancy	36%	43%	48%	52%	57%	62%	68%	73%	80%	87%
8 Food & Beverage	\$204.56	\$256.45	\$274.98	\$293.16	\$312.98	\$334.64	\$358.35	\$380.06	\$403.32	\$428.25
9 Rentals & Other Income	\$11.44	\$13.96	\$15.69	\$17.29	\$19.07	\$21.08	\$23.32	\$25.68	\$28.31	\$31.26
10 TOTAL REVENUES	\$571.92	\$698.11	\$784.68	\$864.44	\$953.74	\$1,053.81	\$1,166.06	\$1,283.79	\$1,415.49	\$1,562.97
Departmental Expenses										
=====										
11 Meeting Rooms (incl. payroll)	\$450.00	\$468.00	\$486.72	\$506.19	\$556.81	\$579.08	\$602.24	\$626.33	\$651.39	\$677.44
12 Food & Beverage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13 Rentals & Other Expenses	\$18.53	\$23.01	\$26.72	\$30.10	\$34.32	\$38.93	\$46.22	\$50.68	\$56.69	\$67.12
14 Total Departmental Expenses	\$468.53	\$491.01	\$513.44	\$536.29	\$591.13	\$618.01	\$648.46	\$677.02	\$708.07	\$744.56
15 Gross Operating Income	\$103.39	\$207.10	\$271.25	\$328.15	\$362.61	\$435.80	\$517.60	\$606.78	\$707.42	\$818.41
Undistributed Operating Expenses										
=====										
16 Administrative & General	\$150.00	\$156.00	\$162.24	\$168.73	\$185.60	\$193.03	\$200.75	\$208.78	\$217.13	\$225.81
17 Marketing	\$90.00	\$93.60	\$97.34	\$101.24	\$111.36	\$115.82	\$120.45	\$125.27	\$130.28	\$135.49
18 Energy Costs	\$50.00	\$52.00	\$54.08	\$56.24	\$61.87	\$64.34	\$66.92	\$69.59	\$72.38	\$75.27
19 Property Operation & Maintenance	\$50.00	\$50.00	\$50.00	\$50.00	\$57.20	\$64.89	\$77.03	\$84.47	\$94.48	\$111.86
20 Management fee	\$100.00	\$100.00	\$100.00	\$100.00	\$114.40	\$129.78	\$154.05	\$168.95	\$188.95	\$223.72
21 Total Undistributed Expenses	\$440.00	\$451.60	\$463.66	\$476.21	\$530.42	\$567.85	\$619.19	\$657.05	\$703.21	\$772.15
22 Gross Operating Profit	(\$336.61)	(\$244.50)	(\$192.42)	(\$148.06)	(\$167.81)	(\$132.06)	(\$101.59)	(\$50.28)	\$4.22	\$46.26
Fixed Charges										
=====										
23 Property Taxes/Land Lease Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24 Insurance	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25
25 Replacement Reserve	\$28.60	\$34.91	\$39.23	\$43.22	\$47.69	\$52.69	\$58.30	\$64.19	\$70.77	\$78.15
26 Total Fixed Charges	\$34.85	\$41.16	\$45.48	\$49.47	\$53.94	\$58.94	\$64.55	\$70.44	\$77.02	\$84.40
27 Net Operating Income	(\$371.46)	(\$285.66)	(\$237.90)	(\$197.53)	(\$221.75)	(\$191.00)	(\$166.14)	(\$120.72)	(\$72.81)	(\$38.14)
28 Cash Flow Before Financing										
Capital Expenditures										
=====										
29 Total Capital Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30 Cash flow										
31 IRR										
32 NPV @										

TECHNICAL NOTES
BETHESDA NAVAL COMMAND
CONFERENCE CENTER PRO FORMA
AT 30 PERCENT MARKET RATES

REVENUES

- Line 1. Bethesda Naval Command meeting room revenue is derived in Year 1 from information gathered in the survey of the eight (8) Bethesda Naval Hospital Commands indicating their existing offsite meeting patterns and their predicted use of a onsite "paid-for" conference facility. A 50 percent market share of the 1987 "free" on-base meetings is expected in the first year. This submarket's demand is expected to grow at 20 percent and 15 percent respectively in years 2 and 3, before tapering off to a 10 percent annual growth rate in years 4 through 10.
- Line 2. NIH meeting room revenue is derived using a 35 percent capture rate for all NIH offsite meetings as measured by our survey of 6 NIH Washington-based institutes. Meeting demand is predicted to increase 10 percent in Year 2 and increase 5 percent annually in Years 3 through 10.
- Line 3. Federal government meeting room revenue is derived using the estimates of NIH meeting patterns. Minimum office sizes of 50 personnel in Montgomery County - 100 personnel in Washington, D.C. were analyzed and capture rates of 20 percent and 5 percent were applied respectively. A growth rate in demand of 10 percent was predicted in Year 2, and an annual growth rate of 5 percent was assumed in Years 3-10 for Montgomery County federal government offices. A constant meeting demand in Montgomery County is assumed for D.C. federal offices.
- Line 4. "Other" demand represents other demand identified by Montgomery County conference facility suppliers. A 3 percent capture rate is assumed, and growth of this segment is reflected at 10 percent in Year 2 and stabilizing at 5 percent annually during Years 3 through 10.

- Line 5. Other Washington area naval command meeting room revenue represents the meeting demands of other Washington area naval commands at a Bethesda naval center conference facility. No information on this level of demand is available.
- Line 6. Sum of Lines 1 through 5.
- Line 7. Assumed a full occupancy of 1,500 persons for 252 annual working days. Stabilized operations are reached at 55 percent utilization.
- Line 8. Assumes 50 percent of attendees eat two full meals at \$7.00/meal and use three coffee breaks at \$2.50/person. Conference Center receives 20 percent gross revenues.
- Line 9. Represents 2 percent of total revenues.
- Line 10. Sum of Lines 6, 8, and 9.

DEPARTMENTAL EXPENSES

- Line 11. Meeting room departmental expenses include payroll and related expenses, and other expenses including guest supplies, cleaning supplies, etc.
- A fixed expense of \$450,000 is assumed to remain constant until an occupancy of 55 percent is reached. At an occupancy level of 57 percent, these expenses will increase by 10 percent before stabilizing and growing with inflation.
- Line 12. Food and beverage departmental expenses are zero due to the contracting arrangement assumed for the revenue derivation (Line 8). Revenues reported were net of expenses.
- Line 13. Equipment rentals department expenses are projected to average 1.5 percent of total revenue.
- Line 14. Sum of Lines 11 through 13.
- Line 15. Line 10 minus Line 14.

UNDISTRIBUTED OPERATING EXPENSES

- Line 16. Administrative and general expenses consist of payroll and other expenses. As a result of

economies of scale, this expense would decrease with an increase in utilization. Administrative expenses are fixed at \$150,000/year until a 55 percent occupancy is reached. At that time, the expense increases by 10 percent and then remains constant, growing only with inflation.

- Line 17. Marketing expense is assumed to remain constant at \$90,000 due to the large base of Naval users at the discounted room rates. At 57 percent occupancy these expenses increase by 10 percent and then stabilize.
- Line 18. Utility costs would decrease as a percent of total revenue based on the utilization rate. The energy costs bottom out at \$50,000. At 57 percent the energy costs increase by 10 percent and then stabilize.
- Line 19. Property operation and maintenance would include payroll and related expenses as well as other expenses such as painting, maintenance, and operating supplies. Remaining constant at \$50,000 until occupancy levels reach 55 percent, these costs will continue to remain constant at a level of 2.5 percent of total revenues.
- Line 20. Management fees, for the management of the conference facility are fixed at \$100,000 per year until operations are stabilized at 55 percent, at which time they represent 5 percent of total revenue.
- Line 21. Sum of Line 16 through Line 20.
- Line 22. Line 15 minus Line 21.

FIXED CHARGES

- Line 23. Estimated property tax and land lease payments equal 0.
- Line 24. Estimated insurance for this type of facility totals \$0.25 per square foot, or \$6,250.
- Line 25. A replacement reserve of 5 percent of total revenues is assumed at all occupancy levels.
- Line 26. Sum of Line 23 through Line 25.

Line 27.

Line 22 minus Line 26.

APPENDIX L

**MARKET STUDY FOR A PROPOSED
BACHELOR OFFICERS QUARTERS
NAVAL MEDICAL CENTER,
NATIONAL CAPITAL REGION
BETHESDA, MARYLAND**

PREFACE

Appendix L was originally prepared by Pannell Kerr Forster under a subcontract with LMI and published separately with a restricted distribution. We have reprinted it here with no changes. Thus, material in the original document or appended to it bears the same numbering and designation it did when previously published.

LOGISTICS MANAGEMENT INSTITUTE

MARKET STUDY FOR A
PROPOSED BACHELOR OFFICERS QUARTERS
NAVAL MEDICAL CENTER,
NATIONAL CAPITAL REGION
BETHESDA, MARYLAND

MARCH 1988

**PANNELL
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March 18, 1988

Mr. Trevor Neve
Logistics Management Institute
6400 Goldsboro Road
Bethesda, Maryland 20817

Dear Mr. Neve:

We have completed our study of the potential market demand for a proposed Bachelor Officers Quarters (BOQ) to be located at the Naval Medical Command National Capital Region in Bethesda, Maryland.

The entire study and conclusions reached are based upon our present knowledge and information with respect to existing supply and demand conditions in the market area at the completion of our fieldwork on February 1, 1988.

As in all studies of this type, our estimates of demand are based on assumptions which are subject to uncertainty and variation. Therefore, we do not represent them as results that will actually be achieved. We have no obligation, unless subsequently engaged, to update or revise this study because of events and transactions occurring subsequent to the completion of our fieldwork on February 1, 1988.

It is expressly understood that the scope of this study and the report thereon does not include the possible impact of licensing requirements, or other restrictions concerning the BOQ except where such matters have been brought to our attention and which are set forth in this report.

This report has been prepared primarily for your use and guidance in determining the demand for the proposed BOQ in relation to its cost and for possible use in negotiation of a lease or development agreement. As is customary in assignments of this nature, neither our name nor the material submitted may be included in any prospectus, newspaper publicity, or as a part of any printed material, or used in offerings or representations in connection with the sale of securities or participation interests to the public.

We should be pleased to hear from you if we can be of further assistance in the interpretation and application of our findings and conclusions. We express our appreciation to you and your associates for the cooperation extended to us during the course of our engagement.

Very truly yours,

Pannell Kerr Forster

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SECTION I

INTRODUCTION

INTRODUCTION

PURPOSE AND SCOPE OF THE STUDY

This study was undertaken in order to determine the magnitude of potential room night demand by both military and civilian (government and non-government) sources for a proposed Bachelor Officer's Quarters (BOQ) to be located at one of several potential sites at the Naval Medical Command National Capital Region, Bethesda, Maryland. The study was performed with the understanding that the Navy plans to request proposals from the private sector to finance, construct, own, maintain, and operate the BOQ at a lower price than the cost to the government to provide a similar facility and services.

The scope of the study included the following:

- Overview of the Naval Medical Command National Capital Region and National Institutes of Health.
- A qualitative and quantitative assessment of the on-base and off-base accommodations supply, present and projected.
- Analysis of the demand, present and projected, for overnight transient accommodations in the area.
- Development of an estimate of the number of occupied BOQ rooms that can be guaranteed by the government on a daily basis.
- Development of an estimate of additional room night demand, not guaranteed by the government, which could reasonably be expected to stay at the BOQ with minimal marketing expenditures by the owner/operator.
- Determination of the room rate the government should pay for the occupied rooms guaranteed by the government.
- Determination of the room rates per occupied room achievable for other guest rooms which would not be occupied as part of the government guarantee.

- Development of recommendations relating to market orientation, facilities, and services of the proposed transient BOQ/Hotel.

APPROACH AND METHODOLOGY

Our approach to this assignment was to examine potential demand sources for the BOQ including authorized and non-authorized users. Among the many people whom we interviewed are the following.

- P. Rich Grzesiak - Bachelor Housing Survey Coordinator - Department of the Navy, Northern Division, Naval Facilities Engineering Command
- Ensign Porter - Assistant Head of Operations Management, NMCNCR
- Mrs. Shirley Lester - Housing Referral Manager - NMCNCR
- Ms. Cilita Monnett - Housing Referral Counselor/Assistant Manager - NMCNCR
- Chief Keane - BOQ Manager, NMCNCR
- Lt. Fox - Officer in Charge - Personnel Support Activity Detachment
- Chief Mansburger - Disbursement/Military Records - Personnel Support Detachment
- Dr. Betty Colletti - Assistant Director of Student Affairs, Naval School of Health Science
- Carl Bauer - Navy Lodge Manager, NMCNCR
- HMCM. Rackstraw - Student Records - Office of Naval Medicine, Pentagon
- Mr. Gary Arrington - Naval Housing, Pentagon
- Lt. O'Connor - Out-patient Administrator - Naval Hospital
- Lt. Shehane - Public Affairs, NMCNCR
- Lt. Bailey - Planning - NMCNCR
- Commander Kiefer - Resident In-Charge of Construction - NMCNCR
- Ms. Jackie Halleran - Contracts - NMCNCR

- Pt. Wilson - Desk Clerk, BEQ 125, NMCNCR
- Ms. Brenda Parker - Out-patient Admissions - National Institute of Health
- Ms. Diane Wilcox - Voucher Officer - All Institutes, National Institutes of Health
- Mrs. Ruth Zaccarusso - Voucher Officer - Cancer Institute, NIH, National Institutes of Health
- Mr. Ray Rothman - Contract Director, Armed Forces Radiology Research Institute
- Mr. Ray Florence - Facilities Director, Armed Force Radiology Institute
- Mrs. Anne Leahy - Continuing Education Clerk - Naval Dental School
- Mrs. Linda Coleman - Secretary of the Director, Naval Dental School
- Mr. William Fraunhurst - Director, Office Commissioned Corps, Public Health Service
- Chief Mercado - Manpower Management - Naval Health Sciences Education and Training Command
- Mrs. Maureen Young - Secretary of the Commander, Naval Medical Research and Development Command
- Ms. Amy Lessie - Student Affairs, Uniformed Services University of the Health Sciences
- Ms. Lyn Hammer - Conferences Coordinator, Uniformed Services University of the Health Sciences
- Dr. K. Kinnamon - Associate Dean for Operation - Uniformed Services University of the Health Sciences
- Dr. John Bullard - Executive Director of Continuing Education - Uniformed Services University of the Health Services
- Ms. Jonesi Lewis - Contract Secretary, Travel Department, Naval Regional Contract Center
- Mrs. Phylis Chang - Organizational Office, Health and Human Services, National Institute of Health

- Mrs. Kerry Corbin - Schedule of Conferences Secretary, Multi-Discipline Laboratory - Uniformed Services University of the Health Services
- Mark Hackly - Facilities Assistant, NMCNCR
- Jack Markowitz - Deputy Director of Operations, Public Health Services
- Dr. Becker - Administrative Director, Public Health Services
- Dr. Kealigy - Surgeon Generals Office, Public Health Services
- Conference Reservations Department, National Institutes of Health
- Mr. Walt Rachin - Facilities Management, Armed Forces Radiology Research Institute
- Naval Investigative Services Office of the Director
- Mr. Bill Faught - Planning, Naval Facilities Engineering Command, Chesapeake Division
- Mr. Mel Wells - Naval Housing Department, Transient Department, Department of the Navy, Northern Division, Naval Facilities Engineering Command
- Mr. Jim Brown - Manpower, Commission Corps, Public Health Services
- Lt. Corfield - Manpower, Naval Medical Research Institute
- Chief Aucher - Facilities Manager, Naval School of Health Sciences
- Lt. Sanford - Operating Management, Naval Hospital
- Lt. Widley - NITRAS Manager, Naval School of Health Sciences
- Mrs. Bee Ramsey - Administrative Assistant, Regional Physical Education Board
- Mrs. Diana Bertnam - Visitors Information Center, National Institute of Health
- Dr. Steve Groven - Executive Director of Clinical Center, National Institute of Health
- Mr. John Sauttemkowski - Budget Director Clinical Center, National Institute of Health

- Mrs. Diane Palermo - Public Affairs, Naval Surface Weapons Center
- Dr. A. Berg - Social Work Department, National Institutes of Health
- HMN1. Vasser - Out-patient Records, Naval Hospital
- HMN1. Cook - In-patient Records, Naval Hospital
- Mr. Woody June - Officers Club Manager

SECTION II

SUMMARY OF FINDINGS AND CONCLUIONS

SUMMARY OF FINDINGS AND CONCLUSIONS

- On the basis of our study and analysis, we are of the opinion that there is sufficient existing and prospective demand to support the private sector development of a rooms-only (i.e., no food and beverage facilities or meeting rooms) transient Bachelor Officer's Quarters/Hotel ("proposed BOQ"), with a minimum room count of 200, located at the Naval Medical Command, National Capital Region (NMCNCR), Bethesda, Maryland. Potential daily demand for the sleeping rooms in the proposed BOQ is summarized in Table 1 on page II-2.

- Based on present and anticipated future market demand factors, we recommend that the U.S. Navy should offer prospective developers of the proposed BOQ a guaranteed daily occupancy of 100 rooms at an average daily room rate per occupied room of \$40.00 with the developer building additional sleeping rooms at his own risk. We estimate that the developer will be able to rent additional rooms at room rates of at least \$40.00 and as high as \$60.00 per night.

- The proposed BOQ would be well located in terms of accessibility to room night demand generators at the Naval Medical Command, National Capital Region and neighboring National Institutes of Health (NIH).

- We recommend that the proposed BOQ be constructed according to standard BOQ specifications, but that at least 25 percent of rooms have two double beds to provide flexibility for families.

Table 1
Estimated Daily Demand for Sleeping Rooms in the Proposed BQ

Higher Room Rate Demand Which May be Attractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQ (1)	Estimated Daily Room Rate Potential	Maximum Per Diem Lodging Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Private Homes	Hotels Apartments
Transient Officers	NMCMC	82		\$84.00	N/A	\$37.00 N/A
Patients	NIH	70		\$40.00-\$60.00	\$10.00-\$15.00	\$37.00 \$17.50
Conference Attendees	NIH	43	\$40.00-\$60.00	\$84.00	N/A	\$37.00 N/A
Out-Patients (Active Duty and Active Duty Dependents)	NMCMC	147	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
In-Patients (Active Duty and Active Duty Dependents)	NMCMC	8	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
Department of Defense Civilians	NMCMC	9		\$84.00	N/A	\$37.00 N/A
PCS Families	NMCMC	4	\$30.00-\$40.00	None	\$10.00-\$15.00	\$37.00 \$17.50
All Other	Washington Area	25-50	\$40.00-\$60.00	None	\$10.00-\$15.00	\$37.00 \$17.50
Lower Room Rate Demand Which May be Unattractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQ (1)	Estimated Daily Room Rate Potential	Per Diem Allowance (VHA/BAQ) Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Private Homes	Hotels Apartments
Permanent Party Officers	NMCMC	114		\$22.02	\$10.00-\$15.00	\$37.00 \$17.50
Geographic Bachelors	NMCMC	88	\$10.00-\$15.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient (Military Retired and Their Dependents)	NMCMC	3	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient and Out-Patient Relatives	NIH	5	\$10.00-\$20.00	\$15.00(2)	\$10.00-\$15.00	\$37.00 \$17.50
Out-Patients (Military Retired and Their Dependents)	NMCMC	123	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50

Note: (1) Based on research, these are the number of rooms which would potentially be demanded at the proposed BQ for one of the following reasons: location, mandatory housing assignment, reasonable room rates. If rooms were constructed to house some permanent party officers, they would have kitchenettes.
(2) This is the per diem allowance that NIH would give a relative of a patient if they are staying with patient.
N/A - Not Applicable.

Source: Pannell Kerr Forester.

• Our analysis of NMCNCR and NIH found that there will be continuing support for the missions, institutes, and agencies. We examined indicators such as funding for activities, number of personnel, research and development projects, and hospital service growth before coming to this conclusion.

• Currently, some of the potential users of a privately developed transient Bachelor Officer's Quarters/Hotel at NMCNCR are being accommodated on-base in BOQ Building 11 at NMCNCR, which has space for 40 transient officers, and off-base in 27 hotels/motels with an aggregate total of 4,890 available rooms per day.

• Building 11, the existing BOQ at NMCNCR, is deficient in both quantity and quality of available spaces. A BOQ facility, by design, is the primary source of housing for transient officers and civilian employees on military orders, due to the ability to house those in need of rooms at a cost less than the market. At NMCNCR the demand exceeds the on-base rooms supply, resulting in a deficit estimated at 40 transient personnel per day. The housing shortfall requires the Navy to issue non-availability per diem (Montgomery County rate) to all transient officers and civilian government employees. Before January 1, 1988, this per diem rate was \$75.00 (\$42.00 for lodging and \$33.00 for food) for military officers and \$117.00 (\$84.00 for lodging and \$33.00 for food) for civilian government employees. As of January 1, 1988, the per diem rate for military officers was raised to \$117.00, making the military per diem equal to that of civilian government employees.

- In Montgomery County, within a circular market area which has NMCNCR at its center and has a 15-mile radius, there are 35 hotels with an aggregate total of 6,347 rooms. Based on our market research, we identified 27 of the 35 hotels which accommodated some military personnel or civilian government personnel in 1987. The 27 hotels, with an aggregate total of 4,890 rooms, are listed in Section IV of this report. Management personnel at each hotel were asked the percentage of rooms occupied by persons who were given a government room rate. In some cases, at economy-level hotel properties, the government rate was the same as the regular room rate so management made their best estimate of the employer of their guests.

- There are two hotels currently under construction in the market area, as well as several proposed hotels, including the proposed BOQ. Those hotels under construction include a 146-room Courtyard by Marriott at Route 29 and Randolph Road, Silver Spring and a 203-room Woodfin Suites on 1380 Picard Drive, Rockville. Proposed hotels include the following: the proposed BOQ; a Quality Inn at Westfarm, Route 29 and Randolph Road, Silver Spring; a 144-room Imperial 400 at the 400 block of Hungerford Drive, Rockville; and a Marriott Washingtonian Center Hotel at Interstate 270 between Shady Grove Road and the proposed Interstate 370 interchanges in Gaithersburg. Based on their location and market orientation, we have determined that these projects would not reduce the amount of potential demand for the proposed BOQ. A recent addition to rooms supply is the 21-room Navy Lodge at NMCNCR which reopened on February 8, 1988 after 2 years of renovations.

● Based on our market research, we estimate that the 1987 aggregate annual occupancy of the 27 hotels previously discussed will be 68 percent at an aggregate average daily room rate per occupied room of approximately \$57.00. The aggregate distribution of occupied rooms by market segment, in the 27 hotels, is estimated at 41 percent commercial individual, 12 percent corporate group, 4 percent association group, 2 percent permanents, 24 percent discretionary travel, and 17 percent government/military.

● During our fieldwork we learned that there is a doctor that has interest in developing a lodging facility catering to patients at NMCNCR and NIH. The doctor's partner owns three parcels of land in the southeast quadrant formed by the intersection of Rockville Pike (MD Route 355) and Jones Bridge Road. Because of the preliminary status of the doctor's plans for development, and relevant zoning issues, we consider the probability of completion to be very uncertain.

SECTION III

OVERVIEW OF THE NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION AND
NATIONAL INSTITUTE OF HEALTH

OVERVIEW OF THE NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION AND
NATIONAL INSTITUTES OF HEALTH

REGIONAL AND VICINITY OVERVIEW

The Naval Medical Command, National Capital Region (NMCNCR) is located in the Washington, D.C. metropolitan area, in Montgomery County, Maryland, a contiguous suburb of Washington.

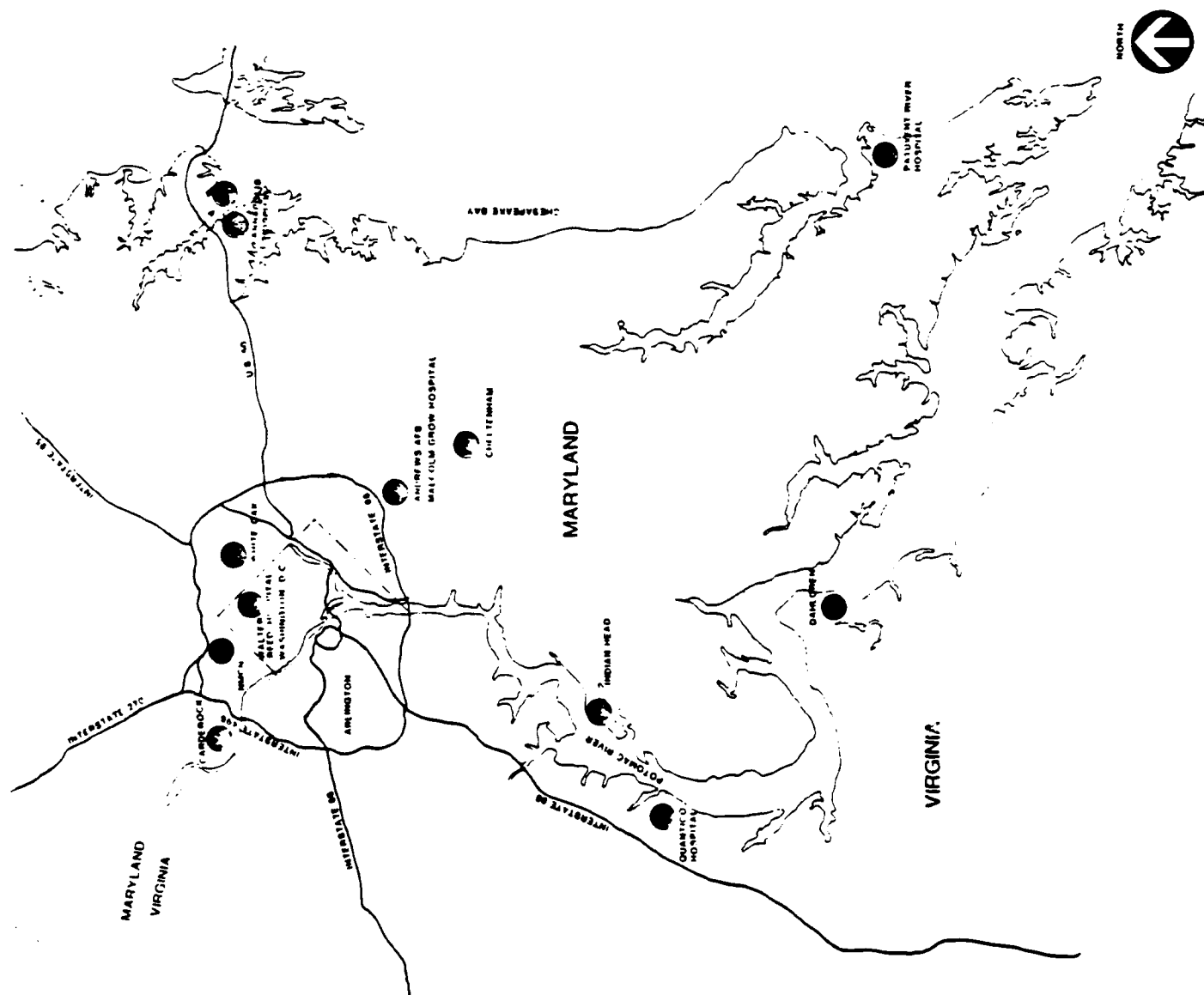
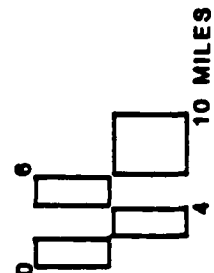
The NMCNCR contributes to the special characteristics of and benefits from its location in Montgomery County. The county's "work force and strategic location adjacent to the nation's capital help shape its scientific-research and development-industrial character. The county is one of the nation's centers of research and development activities - both private and governmental." The Naval Medical Command, National Capital Region is among the major federal research and development installations in the county which also include The National Institutes of Health, National Bureau of Standards, Department of Energy, Naval Ship Research and Development Center, and Naval Surface Weapons Center.

In addition, more than 40 percent of the major private employers in Montgomery County are involved with advanced electronic technology, telecommunications, or medical sciences.

The triad of health care, education and research represented at NMCNCR includes a new replacement acute-care hospital with a total of approximately 600 beds; Naval Hospital, Bethesda, the leading naval

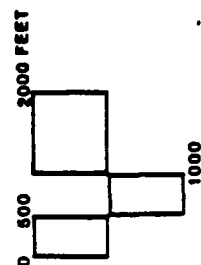
medical research facility; Naval Medical Research Institute (NMRI), the headquarters command for Naval Medical Research and Development Command (NMRDC); Naval Health Sciences Education and Training Command (NHSETC); the Naval School of Health Sciences (NSHS); the Naval Medical Data Services Center (NMDSC); and the National Naval Dental Center (NNDC) which provides advanced dental care and training. In addition, located at NMCNCR are two Department of Defense activities: the Uniformed Services University of Health Sciences (USUHS), the only military medical school in the United States; and the Armed Forces Radiobiological Research Institute (AFRRI), which performs approximately 95 percent of the biomedical neutron irradiation research in the free world. These activities combine to make NMCNCR a prestigious and unique center for health sciences and one which interacts with and enriches the biomedical research, and development, and education activities, concentrated in Montgomery County.

NIH, occupying 306 acres across Wisconsin Avenue from NMCNCR, has nearly 14,000 employees, an annual budget of \$6 billion, and is a biomedical research institution unrivaled in quality. The National Library of Medicine, the world's largest library on a single subject, adjoins NIH. The library includes a research and development component, the Lister Hill National Center for Biomedical Communications.



Vicinity Map

III-4



PLANNING FACTORS RELATIVE TO ADJACENT COMMUNITY

The following information provides the framework of planning regulations and agencies having jurisdiction over the area which surrounds the Naval Medical Command, National Capital Region (NMCNCR).

Surrounding Residential Development

The NMCNCR complex in Bethesda is surrounded by a mixture of residential, institutional, and open space uses. The residential character of the community on the east side of Wisconsin Avenue, on which NMCNCR is located, must be respected in planning for NMCNCR. Of particular community concern are building setbacks from the borders of the site, height of buildings, and landscaping, particularly of the borders. This community concern is shared fully by the National Capital Planning Commission and the Maryland National Capital Parks and Planning Commission. The area in the vicinity of the NMCNCR is considered to be a mature developed community.

In all plans which have been prepared, from early regional plans to the 1970 master plan for the Bethesda-Chevy Chase area, the NMCNCR site along with the campus of NIH, including the National Library of Medicine, have been defined in terms of future land use as federal or federal-institutional areas located within the built-up urban core down-county area of Montgomery County.

Existing Zoning

Zoning in the vicinity of the site generally reflects the existing land use and master plan proposals for the area. Present zoning is

predominantly low-density single-family residential, in the R-60 and R-90 zones, with the federal institutional areas located in an R-60 zone. Within these low-density residential zones, a variety of institutional-related uses, such as private educational institutions, hospitals, and philanthropic institutions are permitted as special exceptions.

Agencies Responsible for Planning

The Metropolitan Washington Council of Governments (COG), the regional planning agency for the Washington area, works to coordinate land-use planning in the region and to develop policies to solve areawide problems. The Montgomery County Planning Board of the Maryland National Capital Park and Planning Commission (MNCPPC) is the agency responsible for land-use planning in Montgomery County. MNCPPC is a bi-county agency of Montgomery and Prince George's Counties; each county has a appointed planning board which is the official planning agency for the county. The National Capital Planning Commission (NCPC) is the planning review agency for federal projects in the Washington metropolitan area.

NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION (NMCNCR) OVERVIEW

NMCNCR operates a regional command headquarters at Bethesda which has authority for the activities of the Naval medical facilities of the entire region. At Bethesda, NMCNCR operates 35 buildings located on a handsome well-landscaped site of 243 acres. This campus serves as a base of operations for the following tenant commands:

Naval Medical Command activities:

Naval Hospital, Bethesda (NHBETH)
 National Naval Dental Center (NNDC)
 Naval Health Sciences Education and Training Command (NHSETC)
 Naval School of Health Sciences (NSHS)
 Naval Medical Data Services Center (NMDSC)
 Naval Medical Research and Development Command (NMRDC)
 Naval Medical Research Institute (NMRI)

Department of the Navy Disability Evaluation System activity:

Regional Physical Evaluation Board

Naval District of Washington activities:

Personnel Support Detachment - Bethesda (PERSUPPDET)
 Naval Investigative Service (NIS)

Naval Facilities Engineering Command activity:

Resident Officer in Charge of Construction (ROICC, Bethesda)

Department of Defense activities:

Uniformed Services University of Health Sciences (USUHS)
 Armed Forces Radiobiology Research Institute (AFRRI) - reports to
 Defense Nuclear Agency

The presence of these commands established Bethesda as the foremost center of Naval medical care, research, and education. The following paragraphs summarize the tenant commands based on their missions:

NMCNCR - Naval Medical Command, National Capital Region

MISSION - The Naval Medical Command, National Capital Region (NMCNCR), commands assigned naval shore activities and ensures that those activities are provided an appropriate level of resources to effectively and efficiently accomplish their assigned missions and functions. The command directs the overall provision of comprehensive and quality health care services throughout the assigned geographical and mission-identified areas of responsibility as prescribed by 10 U.S.

Codes and other applicable directives, and acts as the central authority for cooperation with military and civilian authorities in matters pertaining to public health, disasters, and other emergencies. It also provides necessary services to support tenant activities.

The Naval Medical Command, National Capital Region (NMCNCR), is under the command of and the support of the Naval Medical Command, Washington, an echelon II Command.

NHSETC - Naval Health Services Education and Training Command

MISSION - Implement policy and exercise control, administration and management of health sciences education and clinical investigative training programs for the Department of the Navy; develop plans, objectives, priorities, organization procedures, and standards to meet education and training requirements; establish, evaluate, and maintain optimal health sciences educational and training programs that will ensure maximum responsiveness to the operational and professional needs of the service; and provide budgetary support for the training activities and programs of the Medical Department of the Navy.

NMDSC - Naval Medical Data Services Center

MISSION - Provide, coordinate, and control centralized data-processing services for naval medical, statistical, and other data systems on a worldwide basis as directed by the Chief, Naval Medical Command (NMC), and higher authority; cooperate with other bureaus, offices, and agencies in matters pertaining to data processing.

NSHS - Naval School of Health Sciences

MISSION - Conduct entry level through advanced level education and training for Medical Department personnel to ensure maximum responsiveness to operational and professional requirements. Perform such other functions as may be directed by the Naval Medical Command.

NNDC - National Naval Dental Center

MISSION - Provide comprehensive and specialized dental services to Navy and Marine Corps activities units of the operating forces and other authorized personnel in the assigned geographic area.

NMRDC - Naval Medical Research and Development Command

MISSION - Manage the Navy Medical Department Research, Test, and Evaluation programs concerning the health, safety, and performance of Naval personnel.

USUHS - Uniformed Services University of the Health Sciences

MISSION - Provide the highest quality educational programs in the health sciences to those selected individuals who demonstrate dedication to a career in the health professions of the uniformed services. The Uniformed Services University shall be responsive to the overall education needs of the military departments relating specifically to the preparation of individuals for careers in the health profession.

NMRI - Naval Medical Research Institute

MISSION - Conduct basic and applied research and development concerned with the health, safety, and efficiency of Naval personnel.

NHBETH - Naval Hospital, Bethesda

MISSION - Provide a comprehensive range of emergency, out-patient, and in-patient health care services to active duty Navy and Marine Corps personnel and active duty members of other federal uniformed services. Subject to the availability of space and resources, provide the maximum range and amount of comprehensive health care services possible for other authorized persons as prescribed by Title 10, U.S. Code, and other applicable directives.

AFRRI - Armed Forces Radiobiology Research Institute

MISSION - Conduct research in the field of radiobiology and related matters essential to the operational and medical support of the Department of Defense and the military services.

MISCELLANEOUS COMMANDS

A number of smaller command detachments provide services to base personnel and have space assigned to their operations.

RPEB - Regional Physical Evaluation Board

RPEB is the regional office for the Department of the Navy Disability Evaluation System. It reviews the medical claims and provides hearings for all cases occurring within the region. The RPEB is actually a Tenant Command at NMCNCR.

PERSUPPDET - Personnel Support Detachment

PERSUPPDET is the activity responsible for Navy personnel matters. It reports to the Naval District, Washington and handles all processing of personnel including I.D.s, transfers, reenlistments/separations, disbursement, and transportation.

NIS - Naval Investigative Service

NIS reports to Naval District, Washington and maintains a small office suite at NMCNCR. It is the activity responsible for the security and investigative duties that are necessary prior to visits by high ranking government and military officials.

ROICC - Resident Officer in Charge of Construction

The overall objective of the ROICC office is to provide the administrative, contractual, and technical services necessary to execute the assigned Construction Program in a manner to complete quality construction which meets the operational and technical needs of the sponsors at reasonable cost and in a timely manner.

NMCNCR INDEX OF EXISTING STRUCTURES

Presented in Table 2 on page III-12 is an index of existing structures at NMCNCR, and a map showing the location of these buildings is presented on page III-13.

Table 2
MHCNR - Index of Existing Structures
March 1983

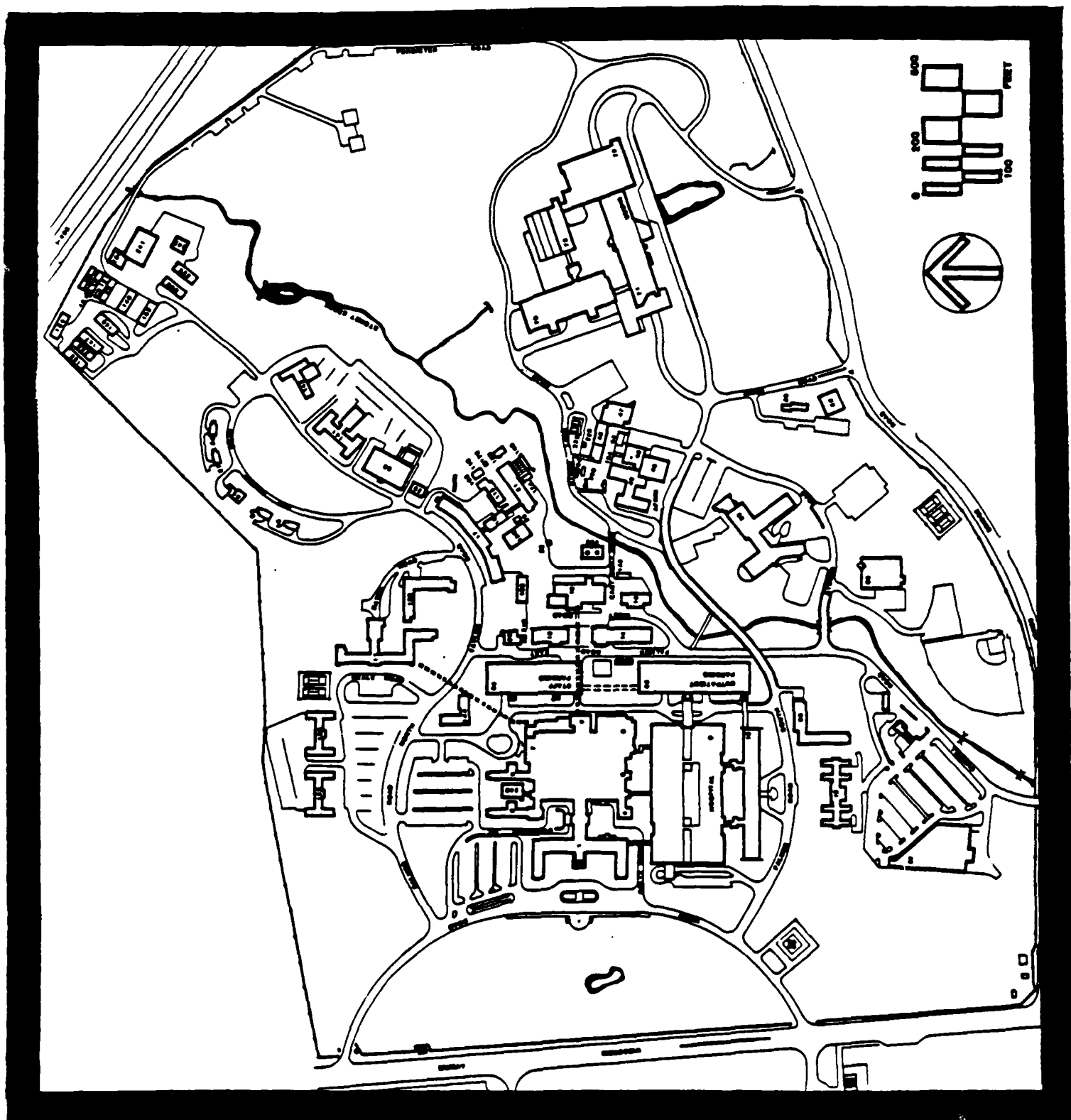
Building Number	Descriptive Title (Current Use)	Building Number	Descriptive Title (Current Use)
1	PERSUPDET, NMDC, HSETC, NMRI, PER, CCOP, Retrofit (S)	53	NMRI EH&L/Administration (A)
2	Cafeteria, Bank, Post Office, Security, Retrofit (S)	54	Parking Structure, Comptroller and Material Mgmt. (A)
3	Hospital, Vacant (S)	55	Parking Structure, Child Care Center (A)
4	Hospital, Chaplain, MCLO (S)	56	Bowling Alley (A)
5	Hospital, Vacant (S)	57	NEX Retail Store (A)
6	Hospital, Red Cross, Navy Relief (S)	70	USHS Academic Instruction Building (A)
7	Hospital, Retrofit (S)	71	USHS Academic Instruction Building (A)
8	Chapel, Hospital, Retrofit (S)	72	USHS Academic Instruction Building (A)
9	Hospital Outpatient Clinics (A)	73	USHS Academic Instruction Building (A)
10	Hospital Nursing Tower (A)	119	NMRI Environmental Labs (I)
11	UOPM, NMDC, Storage (A)	121	Greenhouse (S)
12	UOPM, TRISAP, Financial and Material Mgmt. (NHBETH), Navy Print Shop (I)	122	NMDC Academic Instruction Building (I)
13	Laundry, PW Shops, Fire Chief (A)	123	NMDC Academic Instruction Building (I)
14	PW Maintenance Shops, Admin. (A)	125	UEPH, NSHS Academic Instruction Building, NMR & DC Administration (I)
15	PW Shops (A)	139	PW Shops, NMRI Lab (A)
16	Heating Plant, PW Shops, Incinerator (A)	141	NSHS Academic Instruction Building, NMR and DC Administration (I)
17	NMRI Offices, Labs, Auditorium (S)	142	NMR and DC Administration, NMRI Labs (I)
18	NMRI Labs (A)	143	PW Lumber Shed/Storage (A)
19	Greenhouse (A)	144	NSHS TV Studio, Eye Clinic (S)
20	Fire Station (A)	146	NMRI Animal House (I)
21	NMRI Animal House (S)	147	PW General Warehouse (A)
22	Chemical Storage (A)	148	PW General Warehouse (A)
23	Officer's Club, Enlisted Men's Club, Open Mess, Indoor Swimming Pool, Gym (A)	149	PW Grounds and Equipment Shed (A)
25	Greenhouse (A)	150	NMRI Laboratory (I)
26	Greenhouse (A)	151	Greenhouse Furnace Building (S)
28	NMRI Electronics Repair/Storage (A)	152	PW General Warehouse (A)
29	NMRI Administration (S)	153	PW General Warehouse (A)
34	Surgeon General's Quarters (A)	154	PW Grounds and Equipment Shed (A)
35	CO Quarters (A)	155	PW Auto Vehicle Maintenance Shop (S)
36	Officer Quarters (A)	165	NMRI Administration (I)
37	Officer Quarters (A)	174	NMRI Storage Building (I)
38	Officer Quarters (A)	176	NMRI Storage Building (I)
39	Officer Quarters (A)	203	AFRRI General Storage (A)
42	AFRRI Administration/Labs (A)	204	AFRRI Pump House/Waste Control (A)
43	AFRRI Animal House/Labs (A)	205	AFRRI Pump House/Waste Control (A)
44	AFRRI Modulator Building/Lab (A)	223	AFRRI Hazardous/Flammable Warehouse (A)
45	AFRRI Labs (S)	225	PW Grounds and Equipment Shed (A)
46	AFRRI Administration/Labs (A)	239	PW General Warehouse (A)
50	UEPH (A)	240	Clinic (A)
51	NEX Auto Repair Station (A)	241	ROIIC, PW Administration Building (A)
52	Navy Guest Lodge (A)	242	Special Services Issue and Office (A)
		256	Storage (A)

Condition of Building:

- (A) Adequate
- (S) Substandard
- (I) Inadequate

Source: CHESDIV Engineering Evaluation, August 31, 1982.

Existing
Structures



SECTION IV

SUPPLY ANALYSIS

SUPPLY ANALYSIS

INTRODUCTION

The proposed BOQ will be a lodging facility built for the primary purpose of accommodating the transient government/military demand generated by NMCNCR and NIH. The new BOQ will represent a significant departure from the out-dated style and institutional appearance of the existing BOQ located on the grounds of NMCNCR.

Once built, the proposed BOQ will accommodate the government/military transient demand that is currently being accommodated by the existing BOQ, Building 11, and certain hotels in Montgomery County. When completed, the proposed BOQ is not expected to compete directly with hotels in the market area for military/government transient personnel on orders to NMCNCR because they will be required to stay at the new BOQ. However, in a broadly competitive context, the BOQ will compete with certain hotels in the market area because it will accommodate some people generated by NIH as well as the general public.

BOQ ROOMS SUPPLY

Existing BOQ at NMCNCR

In fiscal year 1987, the supply of unaccompanied officer accommodations at NMCNCR consisted of 93 transient and permanent party guest rooms contained in one BOQ. The BOQ, Building 11, was built in 1941 and has had heavy use with only essential repairs and minor structural modifications. Based on new Navy standards, all 93 units are of

inadequate or sub-standard quality because of their size (too small) and lack of private baths.

The following information from the Bachelor Personnel Housing Asset Report dated October 10, 1987 summarizes the existing BOQ:

Year Built: 1941
Year Improved: 1985

<u>Bachelor Officers Quarters/Private Baths</u>	<u>Bachelor Officers Quarter/Centered Baths</u>
Rooms under 250 NF.....0	Rooms under 250 NF.....89
Rooms between 250/399 NF...0	Rooms between 250/399 NF....0
Rooms over 400 NF.....4	Rooms over 400 NF.....0

<u>Classifications</u>	<u>Area/Square Feet</u>	<u>Available Spaces</u>	<u>Officer/Grade</u>
Adequate	0	0	0
Substandard	1,880	4	(03-010)
Inadequate	35,725	89	(W1-01)
Total	<u>37,605</u>	<u>93</u>	

The above information indicates that there is currently (February 1988) a deficiency of adequate existing rooms. Rooms available at the BOQ have been allocated by type of stay — 52 have been allocated for permanent party officers, 36 for transient officers, four for V.I.P.s, and 1 for the duty officer. Based on the Unaccompanied Personnel Housing (UPH Inventory and Utilization Data) Report for Fiscal Year 1986 (October 1, 1986 through September 30, 1987), the BOQ attained a full utilization or average annual room occupancy level of 100 percent, and charged the following nightly room rates: \$4.00 for the 89 transient and permanent party rooms, and \$8.00 for the four V.I.P. suites. The preceding room rates do not reflect the true cost of the

government supported housing: they amount to a nominal charge to help cover the cost of the contract for cleaning the BOQ. The true cost of operating the existing BOQ was not available to us, due to the internal accounting methods and funding of such facilities.

EXISTING OFF-BASE TRANSIENT HOUSING SUPPLY

Off-base transient housing (daily, weekly, monthly rentals) in the economy consists of rooms in private homes, hotel rooms, and some apartment hotels offering month-to-month rentals.

Presented in Table 3 on page IV-4 are data on 27 hotels in Montgomery County that accommodated transient military or other government demand in 1987. These hotels are located in a circular market area which has NMCNCR at its center and has a 15-mile radius.

For 1987, we estimate that these 27 hotels, containing an aggregate total of 4,890 rooms, attained an average annual room occupancy level of 68 percent of capacity. We estimate that the average annual room occupancy of the individual hotels ranged from 33 to 90 percent. Advertised single occupancy government/military rates asked by the 27 properties ranged from \$37.00 to \$80.00, averaging \$51.59 for the military/government demand segment only.

Although, there is significant non-availability demand generated by the lack of on-base BOQ rooms at NMCNCR, hotels in the market area seldom negotiate contracts offering low rates. The actual number of rooms contracted for in 1987 by the independent commands of the NMCNCR through

Table 3
Hotel Properties in Montgomery County Accommodating Transient Military or Other Government Demand in 1987

Name of Hotel	Number of Rooms(1)	Single Government Rate	Government/ Military Occupied Room Nights	Food and Beverage Facilities	Location
Econo Lodge Gaithersburg	99	\$37.00	2,891	No	Gaithersburg
Econo Lodge Silver Spring	122	37.75	2,227	Yes	Silver Spring
Chevy Chase Motor Hotel	95	39.00	4,855	Yes	Chevy Chase
Red Roof Gaithersburg	116	39.95	4,107	Yes	Gaithersburg
Quality Inn Silver Spring	142	40.00	3,628	Yes	Silver Spring
Twin Towers	50	41.50	4,380	Yes	Silver Spring
Ramada Inn Bethesda	163	41.80	8,853	Yes	Bethesda
Comfort Inn Shady Grove	130	44.00	6,643	Yes	Gaithersburg
Colonial Manor Hotel	171	45.00	17,476	Yes	Rockville
Imperial Germantown	122	45.00	2,204	Yes	Germantown
Days Inn Rockville	190	46.00	8,322	Yes	Rockville
Manor Inn	76	47.00	1,353	No	Bethesda
Quality Inn Gaithersburg	127	47.00	4,867	Yes	Gaithersburg
Sheraton Northwest	293	47.00	22,458	Yes	Silver Spring
American Inn of Bethesda	78	50.00	9,965	Yes	Bethesda
Best Western Silver Spring	160	50.00	3,796	Yes	Silver Spring
Town Center Inn	97	50.00	2,478	Yes	Rockville
The Pavillion	123	51.00	7,542	Yes	Rockville
Holiday Inn Chevy Chase	227	54.00	18,270	Yes	Chevy Chase
Linden Hill Hotel	352	55.00	5,139	Yes	Bethesda
Ramada Rockville	166	56.00	3,393	Yes	Rockville
Holiday Inn Silver Spring	229	58.00	5,684	No	Silver Spring
Holiday Inn Bethesda	270	64.00	30,353	Yes	Bethesda
Holiday Inn Crown Plaza	309	74.00	7,557	Yes	Rockville
Marriott Pooks Hill	410	76.00	6,210	Yes	Bethesda
Guest Quarters Bethesda	189	77.00	2,690	Yes	Bethesda
Hyatt Regency Bethesda	384	80.00	3,924	Yes	Bethesda
Total	4,890	\$57.35	201,266(2)		

Note: (1) Rooms shown include only those marketed/allocated to transient guests.

(2) These occupied rooms represent approximately 17 percent of total rooms occupied at the hotels in 1987.

Source: Pannell Kerr Forster.

the Naval Regional Contracts Center was unavailable to us. Contract rates are typically below the rates that these hotels offer to their other guests and are on a space availability basis.

Based on interviews with NMCNCR and NIH, contracting with area hotels has had limited success, because of the inability of the contractors and contractees to arrange mutual terms.

Additions to On-Base and Off-Base Supply

There are five new hotel projects under construction or planned for the market area as of February 1988. There are two projects under construction, the 149-room Courtyard by Marriott on Route 29 in Silver Spring, and the 203-room Woodfin Suites located at 1380 Piccard Drive, Rockville, Maryland. Proposed hotels, not including the proposed BOQ include the following by orientation:

Midlevel:

- 144-room Imperial 400 at the 400 block of Hungerford Drive, Rockville.
- 142-room Quality Inn at Westfarm, Route 29 and Randolph Road, Silver Spring.

First-Class:

- 280-room Marriott Washingtonian Center Hotel located at Interstate 270 between Shady Grove Road and the proposed Interstate 370 interchange, Gaithersburg.

On February 8, 1988, the 22-room Navy Lodge (Building 52), located on the grounds of NMCNCR, reopened after 2 years of renovation. The facility is operated by the Navy Exchange on a self-supporting budget,

offering rooms to families of patients. We were informed that the Lodge will charge \$29.00 per day and is expected to achieve a constant 100 percent occupancy level.

PRICE-VALUE PERCEPTIONS

The BOQ concept is designed to provide a comfort zone for Naval officers seeking housing in an unfamiliar environment. However, in recent years, for certain market demand segments, lodging facilities available in the local economy have been a superior alternative to the existing BOQ. We found that there are several reasons why some military and civilian D.O.D. travelers exercise their option and seek accommodations in the local economy. Specifically, these reasons are: superior quality, superior atmosphere, and greater privacy. However, the proposed BOQ is expected to offer a product equivalent in quality to some of the economy-level hotels in the market area and at a lower room rate.

Price

The cost of lodging in the local economy, as perceived by military and civilian users, has increased significantly during the past few years. In 1987, many lodging facilities in the local economy offered military room rates above the old per diem rate for lodging (\$42.00). Only seven hotels offered military room rates below \$42.00 at the time of our survey in 1987. With the January 1988 increase to an \$84.00 lodging per diem rate, we expect many hotels in the market area to raise their rates.

Quality

The quality level and ambiance of hotels in the market area is generally superior to the out-dated style and institutional appearance of the existing BOQ facility at NMCNCR.

Atmosphere and Privacy

We believe that the comfort zone concept is very important to the majority of BOQ users. Generally speaking, those individuals who are eligible for the BOQ but are using facilities within the economy do so in order to obtain private living accommodations with a suitable atmosphere.

SECTION V

DEMAND ANALYSIS

DEMAND ANALYSIS

In this section we have analyzed existing and prospective demand for the proposed BOQ at NMCNCR. Included is a discussion of the criteria that is standard for all government/military related travel and a discussion of the market segmentation of potential demand.

NATURE OF GOVERNMENT/MILITARY TRAVEL AND PROCEDURES IN BETHESDA

Government/military related travel into Bethesda is conducted for a variety of reasons including: military, medical, education and recreational. All active duty personnel and active duty dependents traveling for military-related business must have approved orders issued by their host activity.

Once travel orders are approved, the military or Department of Defense (D.O.D.) traveler may request travel reimbursement, which will provide them with government-supported travel and lodging. Individual accommodations are reserved under guidelines established by the Joint Chief of Staff and regulated per the Joint Travel Regulations (JTR). Those traveling on military/D.O.D. orders must check for availability of adequate government supported housing at the activity they are visiting. If there is adequate available space within the BOQ, then a reservation is made. On the other hand, if there is not adequate available space, then the BOQ clerk will issue a non-availability number that is used as documentation of non-availability printed on the travel request form. The request is then submitted to travel officials in the

travel dispersement office at the person's host activity to obtain approval and processing for reimbursement based on non-availability per diem. At the conclusion of the travel, all receipts are submitted and reimbursement for all charges that do not exceed per diem are paid.

Non-availability per diem may result even if reservations have been made for government supported housing. Availability fluctuates because of the requirements and priorities of transient demand, and housing for those who made reservations cannot always be guaranteed. Therefore, in many instances, individuals are issued non-availability per diem upon arrival at a BOQ.

In certain instances, such as military-group events (e.g., educational conferences), a host activity must request contract housing if government supported housing is not available. This is fulfilled by the Naval Regional Contracting Center in that host activity area. Contracts are issued to the lodging facility that provides all specified facilities and services at the lowest rate.

BOQ Authorized User Profile

In general, authorized users of the existing BOQ facility at NMCNCR include the following:

- All unaccompanied officers of the U.S. Military forces and related civilian employees of the U.S. government on orders to the NMCNCR, including active duty, retired, transient, and PCS permanent party officers.

Authorized users have to move through a hierarchy of requirements and priorities before final housing determination is made. Presented in Table 4 on page V-4 is a summary of the BOQ Resident Priority Classification which is used as a guideline in determining the order in which authorized users must be given available BOQ spaces. Presented in Table 5 on page V-6 is the Primary Consolidated Personnel Summary (Navy Housing, R01 Report) for NMCNCR, which shows the distribution of most of the existing authorized user population at NMCNCR as of October 1, 1987.

Existing BOQ Demand

As identified in Table 6 on page V-7, officers have the option to accept inadequate housing. Officers will sometimes accept inadequate quarters, in exchange for the convenience of an on-base location. If they refuse the inadequate quarters, they are then issued non-availability, and are not reimbursed until they submit all travel receipts.

Table 4
BOQ Resident Priority Classification

Priority and Type of Resident (Highest to Lowest)	Occupancy Criteria	Documentation
1. Military Necessity: - Military PCS. - Military TAD. - Civilian PCS. - Civilian TAD.	Permanent Party Transient Permanent Party Transient	Orders Orders Orders Orders
2. Members not Entitled to Per Diem: - At homeport. - Not at homeport.	Permanent Party Transient	Letter from CO Letter from CO
3. Permanent Party: - PCS military without dependents. - Civilian DOD without dependents.	Permanent Party Permanent Party	Orders Orders
4. Temporary Duty/Transient: - Not entitled to per diem.	Transient	Orders
5. Geographic Bachelors: - Eligible for military housing but who by choice are not accompanied.	Transient	Orders
6. Temporary Duty/Transient: - Personnel unentitled to per diem including military and civilian.	Transient	Orders
7. Permanent Party (Involuntary): - Includes PCS military personnel off ship crew members.	Permanent Party	Letter from CO
8. Permanent Party Personnel: - With eligibility for family housing who by their choice are unaccompanied and not included in Priority 5. Includes temporarily unaccompanied service members initially reporting on pcs orders who are arranging housing for their dependents.	Transient	Orders
9. Accompanied Active Duty Military: - Personnel and civilian employees without housing due to pcs orders. - Unaccompanied and accompanied active duty military personnel on leave or retired military personnel, and dependents, relatives and guests of hospitalized persons.	Transient	I.D. Card

Note: CO = Commanding Officer.

Source: Pannell Kerr Forster.

Table 5
 RO1 Report Primary Consolidated Personnel Summary - NMCNCR
 October 1, 1987

	<u>Current Population</u>	<u>Projected Population(1)</u>
<u>Permanent Party</u>		
Officers	1,145	1,217
Enlisted	1,981	1,977
Civilians	1,101	1,131
<u>Students - More than 20 Weeks</u>		
Officers	402	407
Enlisted	106	402
<u>Students - Less than 20 Weeks</u>		
Officers	41	30
Enlisted	87	54
<u>Transient</u>		
Officers	13	12
Enlisted	222	223
<u>Reserves</u>		
Officers	38	64
Enlisted	20	41

Note: (1) Population projected for October 1, 1992

Source: Navy Housing, NMCNCR; RO1 Report.

Table 6
Unaccompanied Personnel Housing Requirements

<u>Grade</u>	
01/010	Voluntary occupancy of housing, whether adequate or inadequate (currently authorized by 37 U.S.C. 403(b) (reference (j)))
W1-03	Option of living off base if only inadequate housing can be provided

Source: Pannell Kerr Forster.

Based on the Unaccompanied Personnel Housing Utilization Report for Fiscal Year 1987 (October 1, 1986 to September 31, 1987), there were, on average, 42 transient personnel housed daily in the existing BOQ and 21 transient personnel housed in the economy (i.e., off-base) each day on per diem.

Based on our interviews, we estimate that the amount of room night demand from transient personnel is somewhat greater. We base our estimate on the information that most transient military travelers to NMCNCR are aware of the perpetual non-availability, and the fact that the BOQ is primarily inadequate. Therefore, they have their orders endorsed prior to their departure, which alleviates their responsibility of checking in with the BOQ.

In addition to transient officers, the BOQ is currently housing 52 Permanent Party Officers per day, and on a space available and priority exhausted basis, Geographic Bachelors. Due to the low room rates demanded by these two segments, we have not included them in our estimate of daily demand for the proposed BOQ.

All transient military/D.O.D. travelers traveling on orders to Bethesda are required to first check availability at the activity they are visiting. With this in mind, the proposed BOQ should capture all transient military room night demand generated by the Naval Medical Command National Capital Region.

AGGREGATE POTENTIAL MARKET DEMAND

In our demand analysis, we examined the potential average daily demand for the BOQ by both authorized and non-authorized users generated by NMCNCR, NIH, and the immediate area, in an effort to determine the proper segmentation.

Based on the foregoing approach, we have identified the following government/military segments:

Authorized Users:

Transients - All unaccommodated military officers or civilian personnel on Temporary Duty (TDY), awaiting transfer, awaiting further assignment, pending separation, students less than 20 weeks and unaccommodated married personnel who are not on a permanent change of station orders at that location but who need to be provided unaccompanied personnel accommodations.

Permanent Party - All unaccommodated military or civilian personnel assigned to NMCNCR commands on permanent change of station orders and students 20 weeks or more.

Department of Defense Civilians - All unaccommodated civilian personnel visiting NMCNCR and supported by appropriated and non-appropriated funds. These people include key civilians, employees of contractors, and Department of Defense personnel.

Out-Patients (Retired) - All unaccompanied or accompanied retired military personnel who are eligible for government supported hospital out-patient care and on-base housing if available.

Out-Patients (Active Duty and Active Duty Dependents) - All unaccompanied or accompanied retired military personnel who are on orders and are hospital out-patients as well as their dependents who are out-patients. They are eligible for government supported housing and per diem if availability does not exist.

In-Patients (Retired Military and Dependents of Retired Military) All unaccompanied or accompanied retired military or their dependents who are eligible for government supported in-patient hospital care and on-base housing if it is available.

Geographic Bachelors or Voluntary Separated - Unaccompanied married military personnel who have elected not to bring their family to their permanent change of location.

In-Patients (Active Duty and Active Duty Dependents) - All accompanied or unaccompanied relatives of active duty personnel who are on orders and are accompanying hospital in-patients.

Non-Authorized Users:

PCS Families - All accompanied military that have permanent change of station order assigned to the NMCNCR.

National Institutes of Health:

Out-Patients - all accompanied or unaccompanied research patients who are under hospital out-patient care at an NIH clinical facility.

In-Patient and Out-Patient Relatives - All family members or guardians that are accompanying either in-patients or out-patients who are under care at an NIH facility.

Conference Attendees - all accompanied or unaccompanied person's attending the various seminars, conferences and meetings sponsored by the 14 institutes comprising NIH.

All Others - all accompanied or unaccompanied individuals visiting the Bethesda area with no direct NMCNCR or NIH association.

Presented in Table 7 are our estimates of the daily demand for sleeping rooms in the proposed BOQ by a variety of market segments. Based on our research and analysis, we have included destination, estimated daily

Table 7
Estimated Daily Demand for Sleeping Rooms in the Proposed BOQ

Higher Room Rate Demand Which May be Attractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BOQ (1)	Estimated Daily Room Rate Potential	Maximum Per Diem Lodging Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Private Homes	Hotels Apartments
Transient Officers	NMCNCR	82		\$84.00	N/A	\$37.00 N/A
Patients	NIH	70		\$40.00-\$60.00	\$10.00-\$15.00	\$37.00 \$17.50
Conference Attendees	NIH	43	\$40.00-\$60.00	\$84.00	N/A	\$37.00 N/A
Out-Patients (Active Duty and Active Duty Dependents)	NMCNCR	147	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
In-Patients (Active Duty and Active Duty Dependents)	NMCNCR	8	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
Department of Defense Civilians	NMCNCR	9		\$84.00	N/A	\$37.00 N/A
PCS Families	NMCNCR	4	\$30.00-\$40.00	None	\$10.00-\$15.00	\$37.00 \$17.50
All Other	Washington Area	25-50	\$40.00-\$60.00	None	\$10.00-\$15.00	\$37.00 \$17.50

Lower Room Rate Demand Which May be Unattractive to Private Developer

Lower Room Rate Demand Which May be Unattractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BOQ (1)	Estimated Daily Room Rate Potential	Per Diem Allowance (VHA/BAQ) Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Private Homes	Hotels Apartments
Permanent Party Officers	NMCNCR	114		\$22.02	\$10.00-\$15.00	\$37.00 \$17.50
Geographic Bachelors	NMCNCR	88	\$10.00-\$15.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient (Military Retired and Their Dependents)	NMCNCR	3	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient and Out-Patient Relatives	NIH	5	\$10.00-\$20.00	\$15.00(2)	\$10.00-\$15.00	\$37.00 \$17.50
Out-Patients (Military Retired and Their Dependents)	NMCNCR	123	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50

Note: (1) Based on research, these are the number of rooms which would potentially be demanded at the proposed BOQ for one of the following reasons: location, mandatory housing as ignition, reasonable room rates. If rooms were constructed to house some permanent party officers, they would have kitchenettes.
(2) This is the per diem allowance that NIH would give a relative of a patient if they are staying with patient.

N/A - Not Applicable.

Source: Pannell Kerr Forster.

demand (i.e., number of rooms demanded), estimated daily room rate potential of each market segment, the maximum per diem lodging cost to the U.S. government as of February 1988, and the lowest cost for daily rentals of single rooms in the economy.

SEGMENT ANALYSIS

The following text is a discussion of the characteristics of market segments deemed relevant in housing determination, the sources of our data, and the calculations used to arrive at the potential daily room night demand by segment. Additionally, we have identified the U.S. government costs of lodging that are associated with each segment.

Authorized Users

Transient

Based on our interviews, we have defined transient demand as military and civilian personnel who are on specified orders to any of the activities at the NMCNCR, for a period of 20 weeks or less. Transient demand at Bethesda is categorized as Students, Reserves, or Temporary Duty (TDY). Transient Students and Reserves attend the various training seminars, conferences, and courses that are held throughout the year at the medical, educational, and research and development facilities at NMCNCR. The various meetings range in time from three days to three months, and several of the shorter courses are held two to three times a year. Attendees of the course come from all across the United States and Europe, and the classes range in size from 20 to 350 people. Temporary Duty include personnel that have orders to NMCNCR for a

variety of reasons including: waiting for additional orders, waiting for educational study to begin, and physical compensation review.

Three sources of transient demand statistics were made available to us, but investigation and comparison of the data rendered them inadequate. The report number, title, characteristics, and usefulness in our analysis are discussed below:

- R01 - Preliminary Consolidated Personnel Summary (Dated October 1, 1987) - This report is a survey that identifies the personnel associated with each activity by the categories of Permanent Party, Students (more than 20 weeks), Students (less than 20 weeks), Students "A" School, Transients, Rotational, and Reserves. The data is well defined, with both current and 5-year projected personnel. However, the data was presented to us with many hand corrections, indicating that there were discrepancies in the final figures. Secondly, the data are derived from a survey based on one day in a 6-month period, limiting the validity of the data.
- R19 - Final Determination of Bachelor Housing Requirements (Dated October 20, 1987) - This report identifies the personnel strengths broken down by officer grade, then by permanent party, geographic bachelors, and transient personnel in a line by line manner. The R19 is derived from the R01, and the figures presented are 5-year projections from the date of the R01 report. Additionally, a key Navy Housing Official stated that several line items were altered for reasons unknown.
- DD 1470 - Unaccompanied Personnel Housing Inventory and Utilization Data (Dated October 1, 1986 - September 30, 1987) - This report identifies the actual housing utilization of on-base housing by transient and permanent party officers and enlisted. It has supplemental data that identifies the number of unaccompanied officers and enlisted who are living off-base with BAQ, voluntary separated in BOQ, and off-base on per diem. This report was the only report that supplied actual data and we chose this as our source.

Based on information received during our interviews regarding DD 1470, we have added an upwards adjustment factor of 30 percent to account for

transient officers that were not required to check-in with housing officials. This estimated percentage represents the transient officers that have their orders for housing endorsed prior to arriving at NMCNCR.

Presented in Table 8 is our transient demand calculation based on data obtained from the report DD 1470 and our adjustment factor.

Table 8
Daily Transient Demand Calculation

	<u>Daily Transient Demand</u>		
	<u>On-Base</u>	<u>Off-Base</u>	<u>Total</u>
BOQ Eligible	42	21	63
			19(1)
Transient Officers Per Day			<u>82</u>

Note: (1) Adjustment equal to 30 percent of 63 due to existing practice of pre-certification of non-availability.

Source: DD 1470 Unaccompanied Personnel Housing Inventory and Utilization Data, dated October 1, 1986 - September 30, 1987, U.S. Navy; Pannell Kerr Forster.

In a comparison of the data listed on the survey R01 and actual DD 1470, there is a strong correlation in numbers. Transient personnel statistics from the R01 report are summarized in Table 9.

Table 9
NMCNCR Transient Officer Statistics from Report R01

<u>Transient Sub-Segments</u>	<u>Printed</u>	<u>Hand Corrected</u>
Students (Less than 20 weeks)	41	28
Transients (TDY)	13	13
Reserves	38	38
Total	<u>92</u>	<u>79</u>

Source: R01 Report, Navy Housing, NMCNCR.

Although the above figures of 92 and 79 were not used directly in our analysis, they do compare favorably with our estimated daily transient demand figure of 82.

According to management of the existing BOQ, the average length of stay for transients has been approximately 11 days. In the month of October 1987, 93 persons were issued non-availability with aggregate demand for 881 room nights of housing.

The costs that are associated with transient demand differ between on-base and off-base housing. On-base housing in the BOQ, in Building 11, costs \$4.00 per day. Military on-base housing cost is totally government supported. In addition, with the exception of geographic bachelors, those living in the BOQ are allotted a monthly BAQ-Partial, based on pay grade, ranging from \$13.20-\$50.70 per month. This is to offset the incidental charges incurred each month. Those transient officers and civilians that draw non-availability while on orders to NMCNCR are now (1988) allowed a daily per diem of \$117.00, \$84.00 for lodging and \$33.00 for food. They will now be able to afford any of the facilities in Montgomery County, where government room rates currently range from \$37.00-\$80.00 per night.

Permanent Party

Based on our interviews, this segment represents all personnel assigned to the activity on permanent change of station orders, including PCS students (20 weeks or more). The non-student permanent party officers

employed at NMCNCR fulfill a variety of duties within the various medical, educational, and research and development facilities. These include doctors, nurses, technicians, administrators, engineers, professors, and ancillary positions. The tour of duty of such permanent positions ranges from two to three years.

PCS Students at NMCNCR represent all branches of the Armed Forces including Navy, Army, Air Force, Marines, and the Commissioned Corps of the Public Health Service. Permanent Party students either attend courses at the 4-year program at the F. Edward Herbert School of Medicine or are fulfilling their graduate internship and residency requirements at the Bethesda Naval Medical Hospital. First and second year students are engaged in a 42- week academic program devoted to the basic biomedical sciences, the psychosocial aspects of health and disease, and introduction to military medicine and patient care techniques. The third year consists of required clinical clerkship of six and twelve weeks duration in Family Practice, Medicine, Obstetrics, and Gynecology, Pediatrics, Psychiatry, and Surgery. These can be completed at the student's choice in 12 various uniformed medical facilities across the United States. Following one week of instruction in military preventive medicine, students have 40 weeks of required clerkships and electives of their choice prior to graduating in May. The National Board of Medical Examiners, Part I, examination is taken in the second year, and Part II in the fourth year. The curriculum at the F. Edward Herbert School of Medicine is presented in Table 10.

Table 10
F. Edward Herbert School of Medicine Curriculum

<u>First Year</u>	<u>Time Period (Weeks)</u>	<u>Second Year</u>	<u>Time Period (Weeks)</u>
Orientation	1	Basic/Clinical Sciences	45
Basic Science Courses	42	National Board of Medical	
Leave (December-June)	4	Examiner (Part I-Review)	3
Field Study	5	Leave (December-June)	4
	<u>52</u>		<u>52</u>
 <u>Third Year</u>		 <u>Fourth Year</u>	
Clinical Clerkship	48	Military Preventive	
Leave (December-June)	4	Medicine	1
	<u>52</u>	Military Contingency	
		Medicine	4
		Military Emergency Medicine	4
		Sub-Internship	8
		Medical Block	8
		Surgical Block	8
		Behavioral Science Block	4
		Elective Clerkship	8
		Leave (December-June)	3
			<u>52</u>
		Graduation - May	
		National Board of Medical	
		Examiners, Part II	

Source: F. Edward Herbert School of Medicine, Bulletin 1988-1989.

The R01, DD 1470, and R19 reports which we evaluated to estimate transient housing demand also provided data on the housing demand of BOQ-eligible permanent party officers. Based on the characteristics of the reports, as previously discussed in this section, we once again used the DD 1470 Report - Unaccommodated Personnel Housing Inventory and Utilization Data for the period from October 1, 1986 - September 30, 1987. The report provided us with the data presented in Table 11.

Table 11
Daily Housing Demand of Permanent Party Personnel

	<u>Daily Demand</u>	<u>Market Segment</u>	<u>Current Housing Situation</u>		
			<u>On-Base</u>	<u>Off-Base</u>	<u>Total</u>
BOQ Eligible	345	Permanent Party(1)	52	294	345

Note: (1) Including PCS students staying 20 weeks or more.

Source: DD 1470, FY 1987.

On average, the total permanent party eligible in 1987 for the existing BOQ were 345 per day. All officers have the option to live off-base in the economy. Based on our interviews with BOQ and Navy Facilities Management, we estimate that about one-third or 114 of the total 345 bachelor permanent party officers would prefer to live on-base if quality space were available.

Based on interviews and data collected, we estimate that the percentage of permanent party officers who are bachelors to be 19.5 percent of the total permanent party population. The estimate of 19.5 percent is a weighted average of the bachelor proportions in two pay grade ranges, as presented in Table 12.

Table 12
Bachelor Distribution in Permanent Party Population

<u>Pay Grade Range</u>	<u>Estimated Proportion Who are Bachelors</u>
(W1-02)	29.2%
(03-010)	<u>16.5</u>
Weighted Average	<u>19.5%</u>

Source: Bachelor Housing Survey.

We then multiplied the percentage of bachelors by the total number of permanent party officers and students (more than 20 weeks) in the population (see Table 5 on page V-5), and the number of bachelors was thus estimated, as presented in Table 13.

Table 13
Estimated Number of Bachelor Permanent Party Officers and
Students (More Than 20 Weeks)

	<u>Printed R01</u>		<u>Hand Corrected R01</u>	
	<u>Permanent Party</u>	<u>Students M 20 (1)</u>	<u>Permanent Party</u>	<u>Students M 20 (1)</u>
Total	1,145	402	1,148	687
Percent Bachelor	19.5%	19.5%	19.5%	19.5%
Total Bachelor	223	78	224	134

Note: (1) M 20 means students at NMCNCR for more than 20 weeks.

Source: Pannell Kerr Forster; R01, Bachelor Survey Coordinator.

Students staying more than 20 weeks, attending the university and schools at NMCNCR, are similar to typical non-military medical students. They possess characteristics such as limited financial allowances for living and subsistence compounded by extremely hectic educational and social schedules. Therefore, we are of the opinion that of the permanent party personnel, these students represent the most

likely users of the proposed BOQ, as long-term-stay guests. The number of students (134) who are potential BOQ users, slightly exceeds our estimate of 114 permanent party users of the proposed BOQ, but lends support to our more conservative estimate.

The housing costs associated with permanent party personnel differ between on-base and off-base. On-base housing in the BOQ, Building 11, costs \$4.00 per day. It is important to note that the \$4.00 represents the expense charge to each officer to pay for the cleaning contract at the BOQ. In addition, permanent party officers living in the BOQ are allotted a BAQ-Partial, based on pay grade, from \$13.20-\$50.70 per month. This is to offset incidental charges each month.

Permanent party officers exercising their option to live off-base are allowed (based on pay grade) a Basic Allowance for Quarters (BAQ) and a Variable Housing Allowance (VHA), to live within the economy. The BAQ is the standard allowance for military personnel living off-base, and the VHA, which varies by geographic area, is an additional allowance to financially assist those stationed in high cost of living areas. Presented in Table 14 is our calculation of the weighted average of the BAQ/VHA for the permanent party bachelor population. The allowances shown reflect the slight increase which occurred on January 1, 1988. The weighted average of \$22.02 is an indication that the permanent party population would have to pay out of their own pockets to afford a market room rate at the proposed BOQ, and this is unlikely to occur.

Table 14
Permanent Party Weighted Average of Basic Allowance
for Quarters/Variable Housing Allowance (BAQ/VHA)

<u>Pay Grade (W1-02)</u>		<u>Pay Grade (03-010)</u>	
W1	\$508.80	03	\$598.15
W2	543.18	04	689.55
W3	593.23	05	736.86
W4	694.55	06	759.78
01E	492.55	07	768.32
02E	507.19	010	768.32
03E	658.37		
01	461.30		
02	493.40		
	<u>\$550.29</u>		<u>\$720.16</u>

<u>Pay Grade</u>	<u>Allowance</u>	<u>Personnel</u>	<u>Total</u>
W1-02	\$550.29	123	\$ 67,685.12
02-010	720.16	<u>228</u>	<u>164,197.24</u>
		<u>351</u>	<u>\$231,882.36</u>

Per Month	\$660.63
Per Day	\$22.02

Source: Personnel Support Detachment NMCNCR,
January 1, 1988.

Permanent party officers including students, exercise their option of living off-base in a variety of ways. What is available and what can be afforded varies proportionately with their BAQ/VHA. The following paragraphs will describe the housing alternatives presented to permanent party personnel.

Apartments

Presented in Table 15 are data on the April 1987 vacancy rate by rental rate range of apartments in that part of Montgomery County including Bethesda/Chevy Chase, Colesville/White Oak, Gaithersburg/Germantown, Rockville, Silver Spring/Takoma Park, and Wheaton. The vacancy rates

for units with rental rates under \$500 are very low, and some of these units are not highly desirable. Often, two or more permanent party bachelor officers will live together and combine their housing allowances to obtain a more comfortable environment.

Table 15
Apartment Vacancy Rate by Rental Rate and Size

<u>Rental Rate Range</u>	<u>Efficiency Units</u>	<u>One Bedroom Units</u>
	<u>Vacancy Rate</u>	<u>Vacancy Rate</u>
\$250-\$349	1.2%	4.0%
\$350-\$449	1.6	2.0
\$450-\$549	3.0	6.1
\$550-\$649	3.4	7.0
\$650-\$749	0	2.6
\$750 +	50.7	22.4

Note: Based on a survey of 48,549 non-subsidized units.

Source: Montgomery County Department of Housing and Community Development, August 1987.

Rooms for Rent

Renting a room in a private home provides both lower cost and month-to-month terms. Based on interviews with the NMCNCR housing referral office, it appears that there are approximately 150 local suppliers of rooms for rent within private homes. The space is available on a daily, weekly, and monthly basis, at \$15-\$20, \$80-\$100, and \$300-\$350, respectively. Those of the permanent party personnel who rent rooms in homes typically have lower pay grades and do not want to commit to the costs associated with apartment rental such as furniture and utilities.

Hotels/Motels

The daily cost associated with living in area hotels is higher than the other available alternatives. Hotel room rates for military personnel start at \$37.00 per day at local economy-level properties. Based on interviews with hotel/motel operators, those electing to rent hotel rooms prefer efficiencies with kitchenettes that allow them to prepare meals in their rooms. Additionally, because these are permanent party personnel, their BAQ/VHA allowance must cover their lodging cost. Therefore, sometimes two persons share a hotel room, and combine the BAQ/VHA. Based on interviews, long-term living in hotels offers merits such as no additional cost of furniture and utilities, plus laundry service is provided.

Purchase of Homes

A final and more costly alternative to permanent party personnel is purchasing homes in Montgomery and neighboring counties. This choice is only affordable to those in higher pay grades with long-term commitments in the Washington area.

Geographic Bachelors

The housing needs of geographic bachelors, also known as voluntary separated personnel, are unique in comparison to other military officers at NMCNCR. While geographic bachelors have many of the same functional characteristics as permanent party personnel, with similarities in the duration and variety of duties, they have limited housing alternatives that evolve due to their voluntary choice to have their families and

residency remain in a geographic area other than their current host activity. As a result of this decision, their BAQ/VHA will be drawn and used to support living costs based on their primary recognized residence, with no additional allowance for living in the secondary location. This has a great impact on their financial resources available for housing in the NMCNCR market area. Additionally, geographic bachelors are placed on low priority in the BOQ priority ranking.

The sources used in our calculation of geographic bachelor demand are the DD 1470 and information derived from interviews with BOQ and Housing officials. The report and interviews provided us with the data presented in Table 16.

Table 16
Geographic Bachelors

<u>Amount</u>	<u>Calculation</u>	<u>Daily Demand</u>		
		<u>On-Base</u>	<u>On Waiting List(1)</u>	<u>Total</u>
88	Geographic Bachelors	23	65	88

Conclusion: 88 geographic bachelors per day.

Note: (1) Based on interviews with BOQ Manager.

Source: DD 1470, FY 1987.

In 1987, the 23 geographic bachelors listed as living in the existing on-base BOQ incurred a cost of \$4.00 per day. They were permitted to stay in the BOQ only after all officers with priority were accommodated, and only for a period of 30 days.

Based on interviews, the additional 65 geographic bachelors identified as being on a waiting list live off-base in apartments, rent rooms in private homes, and hotels in the area. Because of the high housing cost in Montgomery County, they usually share rent and expenses by living with others.

Department of Defense (DOD) Civilians

Based on our interviews with the various individual commands, this segment is represented by those with orders and contracts for services at the NMCNCR. These individuals include guest lecturers; consultants; installation, service, and repair technicians; and construction personnel. Our interviews revealed only minimal activity that generated overnight accommodation. This was attributed to the self-sufficiency of the base, compounded by the abundance of capable local resources.

Presented in Table 17 is our estimate of the daily demand from Department of Defense civilians. We based our estimate on the federal regulation that they use government supported housing if available.

Table 17
Estimated Daily Demand by Civilian DOD Calculations

<u>Amount</u>	<u>Calculations</u>	<u>Daily Demand</u>
9	Professors/Lecturers	5
	Construction	2
	Other	2
	Per Day	<u>9</u>

Conclusion: 9 civilian DOD per day.

Source: Interviews with the NMCNCR commands.

All DOD employees on orders or contracted to perform a service at a military activity are required by joint travel regulations, to check for availability of government support housing. If all priority personnel have been accommodated and availabilities exist they would be required to stay in the BOQ. Based on our interviews, DOD personnel have never stayed in the BOQ as a result of great numbers of higher priority demand. This segment is now permitted a per diem of \$117.00, which includes \$84.00 for lodging and \$33.00 for food. In the situation of contract business, the contract will include lodging and subsistence in the aggregate amount.

In-Patients/Out-Patients of Bethesda Naval Hospital

The Bethesda Naval Hospital (NHB), a major uniformed medical facility, provides free comprehensive care to all active duty military, retired military, and dependents and survivors of the military. NHB serves the Navy, Marines, Air Force, Army, Coast Guard, Public Health Service, and the National Atmospheric and Oceanic Administration.

Based on the data collected, both in-patients and out-patients using the Bethesda Naval Hospital originate from across the United States and Europe. Presented in Table 18 on page V-26 are data on the Bethesda Naval Hospital patient housing needs by military category including active duty, dependents of active duty, and retired.

The different types of patients as well as those accompanying have varying constraints related to their ability to seek temporary housing.

These constraints include the following: method of transportation, on orders or not on orders, government housing or no government housing, allowances or no allowances, length of stay, and housing alternatives. Presented in Table 19 on page V-27, are the data on the various constraints that have a part in the final determination of housing for patients (and those accompanying patients) at Bethesda Naval Hospital.

Patients who are active duty or dependents of active duty are provided government-supported housing. Based on the scarcity of on-base accommodations, a proportionally large amount of these patients are given non-availability allowances and, thus, stay at area hotels.

The U.S. government does not provide any allowances for lodging to retired military patients. This presents an economic problem to the retired in-patients and out-patients at NHS. Lodging costs are very high and therefore, unaffordable to many military retirees. The Navy has allocated the 75 rooms in BEQ-Building 125 (BEQ 125) at NMCNCR at zero cost to retired military patients and their families. BEQ 125, a non-private, open bay facility, operates at 80 percent annual occupancy. Patients make reservations to stay at BEQ 125 prior to arriving at the hospital. If there is no availability, they are then forced to rent alternative facilities such as area hotel rooms, rooms in private homes, or if available, rooms at the Navy Lodge at NMCNCR.

As previously addressed in this report, most retired out-patients cannot easily afford to rent hotel rooms in Montgomery County for two or three

Table 18
Bethesda Naval Hospital Patient Housing Needs - Fiscal Year 1987

	<u>Out-Patients</u>		
	<u>Active Duty</u>	<u>Dependents of Active Duty</u>	<u>Retired</u>
Annual Number of Patients	134,519	105,667	149,032
Percent with Housing Needs(1)	40%	50%	60%
Number Requiring Housing (2)	53,808	52,834	89,419
Per Day (3)	147	145	245
Estimated Percent Officers or Dependents of Officers	50%	50%	50%
Potential for BOQ	74	73	123
	<u>In-Patients</u>		
	<u>Active Duty</u>	<u>Dependents of Active Duty</u>	<u>Retired</u>
Annual Number of Patients	5,808	7,049	3,071
Percent with Housing Needs(1)	20%	60%	80%
Number Requiring Housing (2)	1,162	4,229	2,457
Per Day (3)	3	12	7
Estimated Percent Officers or Dependents of Officers	50%	50%	50%
Potential for BOQ	2	6	3

Note: (1) Percent requiring overnight accommodations.
 (2) Patients and those accompanying them.
 (3) Annual number needing housing divided by 365 days.

Source: Fran Druckerly, Head Statistician, HMI. Cook Records/
 Statistics, Naval Hospital Bethesda.

Table 19
Bethesda Naval Hospital Patient and Accompanied Data

<u>Type of Out-Patient</u>	<u>Method of Transportation</u>	<u>Length of Stay</u>	<u>Percent of Patients on Orders</u>	<u>Percent of Patients Accompanied</u>	<u>Percent of Accompanied on Orders</u>	<u>Patient Housing Allowances (if on Orders)</u>	<u>Current Housing (if on Orders)</u>	<u>Current Housing (if not on Orders)</u>	<u>Housing Priority</u>
Active Duty	Medivac or Automobile	2-3 Days	100%	40%	50%	Gov't. Housing (if Available) or Per Diem	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Dependents of Active Duty	Medivac or Automobile	7 Days	100%	50%	100%	Gov't. Housing (if Available) or Per Diem	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Navy Lodge Area Hotels Private Homes	High
Retired	Automobile	2-3 Days	0%	60%	0%	-	-	BEQ 125 Navy Lodge Area Hotels Private Homes	Low
Active Duty	Medivac or Automobile	7-14 Days	100%	20%	50%	Gov't. Housing (if Available) or Per Diem	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Dependents of Active Duty	Medivac or Automobile	7-14 Days	100%	60%	100%	Gov't. Housing (if Available) or Per Diem	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BOQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Retired	Automobile	7-14 Days	0%	80%	0%	-	-	BEQ 125 Navy Lodge Area Hotels Private Homes	Low

Note: (1) Unaccompanied officers and enlisted only.

Sources: Ft. Dixon, Patient Affairs, Naval Hospital Bethesda.

weeks, but sometimes by necessity have to pay these amounts due to a lack of alternatives. Patients that have planned ahead due to economic constraints often rent rooms in private homes, which are significantly less expensive than hotel rooms. Based on interviews, the 22-room Navy Lodge at NMCNCR, specifically operated to accommodate patients and families is now operating at 100 percent occupancy at a rate of \$29.00, and has had to turn away persons seeking lodging.

Permanent Change of Station (PCS) Families

PCS families are the families of military enlisted and officers who have orders requiring them to be stationed at NMCNCR. They perform the same duties and functions as permanent party personnel, but are classified as PCS until they have gained a permanent residence. As a result of these orders, they have elected to move their entire family to the new activity area.

Presented in Table 20 are data on the total number of officers that were transferred from other activities to NMCNCR. The actual number of PCS officers is not tracked. Therefore, we estimated the number classified as PCS as a percentage of total transfers.

Table 20
Estimated Annual Number of PCS Families at NMCNCR
Fiscal Year 1987

<u>Calculations</u>	<u>Officers</u>
Total Transfers FY 1987	446
Percent PCS	75%
Percent Accompanied	81%
PCS Families	<u>271</u>

Source: Personnel Support Detachment, NMCNCR.

We estimate that 271 officer families or approximately one families per day, were transferred to NMCNCR from other military installations in FY 1987. If each PCS family had an average need for 5 days of temporary housing, this would amount to 1,355 room nights (271 x 5) annually or approximately 4 rooms needed per day. For our analysis, we assumed that this segment would potentially demand 4 rooms per day at the proposed BOQ.

Information on the housing needs of PCS families was obtained through interviews with housing officials at NMCNCR. PCS families typically will travel to a new area to survey the environment and locate new permanent housing. This will result in the need for temporary housing while in the Bethesda area. Due to the lack of on-base accompanied transient housing, family members usually end up renting area hotel rooms for 3 to 4 days while they look for housing.

The nature of the travel makes enlisted or officer personnel fully responsible for all cost, except in a few situations when allowances are given. A second situation cited by housing officials involves PCS families entering the new activity area without searching prior to arriving at NMCNCR. This often results in a need for temporary housing in the economy for periods of one to two weeks.

In addition to area hotels, PCS families sometimes rent short-term apartments or rooms in private homes.

Non-Authorized Users

In this study we have also estimated demand for the proposed BOQ by non-authorized users. In general, the segment includes other travelers to the Bethesda area that are in need of temporary inexpensive housing. In the following text we have identified the various types of non-authorized users who could be attracted to the proposed facility.

National Institutes of Health (NIH)Patients and Families

NIH, which includes 15 independent institutes and divisions, has 14,000 employees, an annual budget of \$6 billion, and is a biomedical research institution unrivaled in quality. The 15 institutes and divisions include the following:

1. National Institute on Aging
2. National Institute on Allergy and Infectious Diseases
3. National Institute on Arthritis/Diabetes and Digestive Kidney Diseases
4. National Cancer Institute
5. National Health and Human Sciences
6. National Institute of Environmental Health Sciences
7. National Eye Institute
8. Family International Center
9. National Institute of General Medicine
10. National Heart, Lung and Blood Institute
11. National Library of Medicine
12. National Institute of Neurological and Communicative Disorders and Stroke
13. Division of Research Grants
14. Division of Research Resources
15. Division of Research Services

The above institutes occupy clinical space, devoted to care and treatment of research in-patients and out-patients in the perpetually expanding 541-bed Warren Grant Magnuson Clinical Center.

The NIH campus is deficient of lodging facilities to accommodate the large amounts of demand related to research patients and families. In FY 1986, approximately 145,000 out-patients visited NIH clinics. Presented in Table 21 are data on the daily housing needs of NIH research patients and their relatives.

Table 21
Housing Needs of
National Institutes of Health Research Patients

	<u>Monthly</u>
Patients Who Receive Institute Support	1,800
Patients Who Receive No Institute Support	300
Total	<u>2,100</u>
Per Day	70

Conclusion: 70 NIH patients per day.

In addition, 5 dependents/relatives of NIH patients per day.

Source: Interview with Mrs. Jacarusso,
Housing Referral NIH.

The data in Table 21 were made available by the voucher departments at NIH. The voucher departments at NIH allocate the housing and subsistence allowances that are provided to eligible research patients and relatives. It is important to note that not all institutes and agencies have appropriated funding for patients. These patients must provide for their own lodging or apply through the social work department for emergency funding. Appropriated funding comes from a variety of sources including the independent agencies, the NIH emergency fund and an aggregate NIH fund. Presented in Table 22 on page V-33 are

data on the housing allowances provided to NIH patients and their guardians. The system of appropriated funding for research patients and guardians is very complicated. All patients are not provided for equally, and some not at all.

NIH Conference Attendees

The National Institutes of Health conduct medical conferences, seminars, and meetings throughout each month of the year. The conferences are held at facilities on the NIH campus and at other available facilities in the area including hotels and conference centers. On the NIH campus, as previously stated in this report, there are no transient lodging facilities for the NIH-related demand. Currently, many NIH conference attendees are accommodated at hotels located in Montgomery County.

Interviews with NIH officials indicated that approximately 164,000 doctors and laymen visited the NIH campus for various reasons in 1987, but primarily as conference attendees.

Based on the number of conferees and the location of the proposed BOQ close to the NIH campus, we estimate that the proposed BOQ could attract approximately 43 NIH conference attendees per day. Presented in Table 23 on page V-34 is our estimate of potential daily demand by NIH conference attendees.

Importantly, this estimate is not based on the assumption that the proposed BOQ will have meeting rooms and host conferences. It is based

Table 22
National Institutes of Health Patient/Relative Appropriated Funds Data

Name of Institute	Length of Stay	Out-Patient Food/Lodging Allowance	Current Out-Patient Lodging Facilities	Guardian Food/Lodging Allowance	Current Guardian Lodging Facilities
Cancer	2-14 Days	\$40.00	Area Hotels Private Homes	\$15.00	Private Homes With Patients
Most Others(1)	2-14 Days	\$60.00	Area Hotels Private Homes	\$15.00	Private Homes With Patients

Note: (1) Some Institutes provide no funding for research patients.

Source: Voucher Departments, National Institutes of Health.

more on the location of the BOQ and likely moderate room rates that will be asked.

Table 23
Potential Demand for BOQ from NIH Conference Attendees

Calculation

164,000	75% From Outside Washington
	85% Need Rooms(1)
	3 Average Length of Stay in Number of Nights
<u>313,650</u>	Room Nights Annually
	5% Estimated Percentage that Would Use BOQ
15,683	Room Nights Annually
43	Daily

Conclusion: 43 NIH conference attendees per day
(without any conference space at BOQ).

Note: (1) Others stay with friends and relatives.

Source: Interview with Steve Groven, Executive
Director Clinical Center; Pannell Kerr Forster.

General Public or Others

The general public demand represents those in the area without direct government/military business. These people could include the following: families visiting military personnel and USUHS students during the school year and at graduation; active duty personnel on leave; and retired government/military personnel that are in the area as Washington tourists or attending alumni functions at the University or other commands.

At present, the NMCNCR is not accommodating these persons due to the lack of available space for non-priority active duty or retired government/military personnel.

Based on our general observations and knowledge of the Montgomery County hotel market, and visitor affiliations with government/military personnel, both active and retired, in the area, we are of the opinion that the proposed BOQ could attract 25-50 general public guests per day. However, some marketing would be required in various government and military publications. In 1987, approximately 437,000 hotel rooms were occupied at 15 economy level properties in the Montgomery County market area. Some were occupied by the segments previously discussed. However, the magnitude of this demand, approximately 1,197 rooms per day on average, would indicate that our maximum estimate of 50 rooms per day from the general public, or 4 percent of total daily demand is reasonable.

Based on our overall market segment analysis, we have drawn conclusions as to target markets for the proposed BOQ. Presented in Table 24 is a summary of our opinions regarding the attractiveness of each segment to a privately financed, developed, and operated BOQ at NMCNCR.

Table 24
Attractive and Non-Attractive Potential Demand for the Proposed BOQ

<u>Attractive Demand Segment</u>	<u>Estimated Average Daily Demand</u>	<u>Rationale</u>
Transient Officers	82	Government Supported Housing
Out-Patient (Active Duty)	74	Government Supported Housing
Out-Patients (Dependents of Active Duty)	73	Government Supported Housing
In-Patient (Active Duty)	2	Government Supported Housing
In-Patient (Dependents of Active Duty)	6	Government Supported Housing
Department of Defense/ Civilians	9	Government Supported Housing
PCS Families	4	Ability to Pay
NIH Patients	70	Institute Supported Housing
Conference Attendees	43	Ability to Pay
All Others	25- 50	Ability to Pay
Total	<u>390-415</u>	
<u>Non-Attractive Demand Segment</u>		
Out-Patients (Military Retired and their Dependents)	123	No Government Support
In-Patients (Military Retired and their Dependents)	3	No Government Support
Permanent Party Officers	114	BOQ/VHA Allowance too Low
Geographic Bachelors	88	BOQ/VHA Allowance too Low
NIH Patient's Relatives	5	Institute Support too Low
Total	<u>333</u>	

Source: Pannell Kerr Forster.

SECTION VI

EVALUATION OF MARKET POTENTIAL OF FOOD AND BEVERAGE FACILITIES
AT THE PROPOSED BOQ

EVALUATION OF MARKET POTENTIAL OF FOOD AND BEVERAGE FACILITIESAT THE PROPOSED BOQCONCLUSION

As previously presented in Section II of this report, we recommend that the proposed BOQ have a minimum room count of 200, with the developer building additional rooms at his own risk. Based on these recommendations with respect to facility sizing, and our analysis of existing food and beverage facilities at NMCNCR, we believe that it would not be cost effective to develop a restaurant as part of the proposed BOQ. We estimate that a restaurant/lounge operation in the BOQ would not generate enough revenue to break even because there are so many other dining opportunities on-base and off-base that would directly (and successfully) compete for the people housed in the BOQ. There are currently adequate food and beverage facilities at NMCNCR to serve the needs of people housed in the proposed BOQ. In addition, our research indicates that relocation of the Officers Club into the proposed BOQ would not be cost-effective for the overall MWR enterprises at NMCNCR. We believe that a high proportion of officers housed at the BOQ would use the existing Officers Club; and the potential additional business would represent incremental sales beneficial to the Club's operation without taxing its capacity.

In summary, we recommend that the proposed BOQ be developed without restaurant or lounge facilities.

INVENTORY OF EXISTING NMCNCR FOOD AND BEVERAGE FACILITIES

As part of our market analysis, we evaluated on-base food and beverage outlets, catering to officer grade personnel, as well as overall food and beverage facilities at NMCNCR. In our analysis of these food and beverage facilities, we sought to identify the availability of services and to determine current use patterns.

Presented in Table 25 on page VI-3 are summary data on NMCNCR food and beverage facilities. In the following text we have briefly described each of these facilities.

Hospital Galley

The Hospital Galley can accommodate (during breakfast only) 157 officers in a reserved area. Lunch and dinner are available but seating is in the main dining room which can accommodate 347 people. The Hospital Galley is supported by appropriated funding and only charges \$1.75 for breakfast and \$3.65 for either lunch or dinner. The Galley is operated cafeteria style and includes all you can eat for one price. Many officers that live both on-base and off-base dine at the hospital facility due to the low cost and unlimited amounts of food.

Navy Exchange

The Navy Exchange operates a cafeteria and snack bar within the hospital with an unrestricted seating capacity of 358. The cafeteria provides breakfast and lunch 7 days a week, but is closed for dinner. The snack bar has fast food items available in the evening from 3:30-11:30 p.m.

Table 25
Summary Data on Food and Beverage Facilities at WOOD

Name of Facility	Type of Handling/ Ownership	Hours of Operation		Seating Capacity Per Meal Period			Average Covers Per Meal Period			Average Check Per Meal Period			Type of Operation
		Days	Hours	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner	
Commissioned Officer's Mess and Club	Non-Appropriated	Club: Tuesday-Thursday Friday and Saturday	11:30 a.m. - midnight 11:30 a.m. - 1:00 a.m.	Closed	90	90	Closed	250	90	Closed	\$4.50	\$16.00	Lunch: Buffet Dinner: A la Carte
		Dining Room: Brunch: Sunday Lunch: Monday-Friday Buffet Tuesday-Friday A la Carte Lunch Dinner: Tuesday-Thursday Friday-Saturday	10:30 a.m. - 2:30 p.m. 11:30 a.m. - 2:30 p.m. 6:00 p.m. - 9:00 p.m. 6:30 a.m. - 10:00 p.m.										
Enlisted/Chief Petty Officers' Mess and Clubs	Non-Appropriated	Clubs: (Enlisted) Tuesday-Thursday (CPO) Monday-Friday Dining Room: Monday-Friday	6:00 p.m. - midnight 11:00 a.m. - 11:00 p.m. 11:30 a.m. - 2:30 p.m.	Closed	150	Closed	Closed	50	Closed	Closed	\$4.00	Closed	Buffet A la Carte
		Weekdays Weekends	6:00 a.m. - 9:00 p.m. 7:00 a.m. - 9:00 p.m.	165	165	165	250	900	300	\$2.10	\$3.35	\$3.50	Fast Food
University Gallery	Winston Group	Weekdays:	6:30 a.m. - 2:00 p.m.	500	500	Closed	200	500	Closed	42.00	\$2.25	Closed	Cafeteria
Hospital Gallery	Appropriated Funding	7 Days/Week: Breakfast Lunch Dinner	5:45 a.m. - 8:00 a.m. 11:00 a.m. - 2:00 p.m. 4:30 p.m. - 6:30 p.m.	347(1) 29(2) 157(3)	347(1) 29(2) Closed	347(1) 29(2) Closed	275 29(2) Closed	640	450	\$1.75 \$.88	\$3.65 \$1.85	\$3.65 \$1.83	Cafeteria
		7 Days/Week: Cafeteria Snack Shop	6:30 a.m. - 3:30 p.m. 3:30 p.m. - 11:30 p.m.	358 358	358 358	358 358	275 Closed	350	Closed 100	\$2.50 Closed	\$3.50 Closed	\$3.75	Cafeteria Fast Food
Notes: (1) Main dining area. (2) Chiefs' dining area. (3) Officers' dining area.													

Source: Parnell Kerr Forster; WOOD food and beverage facilities.

The cafeteria is very popular with hospital personnel including doctors, nurses, and other ancillary staff members. The facility is operated with non-appropriated funds and its prices are higher than those at the hospital galley.

McDonalds

The McDonalds Corporation owns and operates one of their typical fast food restaurants at the NMCNCR. The restaurant opened in September 27, 1985, and offers breakfast lunch and dinner to both on-base and off-base persons. Management of the MacDonallds informed us that the food prices at the NMCNCR MacDonallds are slightly lower than some other MacDonallds in the region in order to attract military demand. The restaurant is open 7 days a week, and has the capacity to accommodate 165 persons.

University Galley

The University Galley is located within the Uniformed Services University of Health Services (USUHS), and is operated by the Winston Group, a private restaurant management company. The facility provides breakfast and lunch during cl sroom hours to the students, professors, and administrative staff of the university. Total seating capacity is 500. Management indicated that there is currently a reorganization program underway to improve the operation.

Enlisted Mess and Club/Chief Petty Officer's Club

These two operations share the same facility located in the bottom of Building 23, but are differentiated by name, hours of operation and budgets. They are both operated by the MWR program at NMCNCR, which also operates the Officers Club and recreational facilities.

The Enlisted Mess serves lunch Monday through Friday and is only open to E1-E9 and GS-1 to GS-8 personnel. The Enlisted Club and Chief Petty Officers' Clubs are combined as one but are segregated by unwritten hours of use. The facility offers, in addition to a social environment, a pool table, video games and a D.J. for dancing.

Officers Mess and Club

The Commissioned Officers' Mess and Club ("club"), Building 23 at NMCNCR, was originally built in 1949, and has had many renovations, expansions, and revision over the years. The massive three-story structure has a large decorative stone and wood exterior and traditional interior. The primary entrance is located on the second floor, which leads to the main dining room, party room, bar, administrative offices, and kitchen. The bottom floor is occupied by the Enlisted Club, Chief Petty Officer's Club, Package Store (liquor), and warehouse and storage space. The third floor is occupied by party rooms, administrative offices, and the dishroom area.

The club management currently has a \$2 million project budget to build a common kitchen to be shared by both the Officers' Club and the Enlisted Club. The project will include conversion of the existing kitchen into a casual bar and the existing dining room into a full bar. At the conclusion of the 2-year project the new location of the service areas will allow for logistic efficiency in relation to the existing layout.

The club is operated by the Navy Morale, Welfare, and Recreation (MWR) Department which also operates the Enlisted Club, Chief Petty Officers' Club, Package Store, and NMCNCR recreational facilities such as the gymnasium, pool and bowling alley. Each individual facility is responsible for their own operational budget but the overall MWR operations share a common fund, to provide overall financial stability.

Club patrons, depending on the meal period, include civilians, active duty, and retired military/government personnel. The 2,100 club members include active and retired military officers, Department of Defense GS-9 and above, and officers from the Public Health Service. Members pay \$7.00 per month for membership dues. They are deeply entrenched in the facility and issues regarding the evolution of the club are sensitive and of great concern. The club is an important link between retired personnel and the military.

The Officers' Mess serves lunch and dinner at different times depending on the day of week. During lunch periods, the dining room offers both a la carte and buffet menus that are available to all active and retired

officers or Department of Defense (GS-9 and above) personnel in the Bethesda area. Dinner and club use is restricted to the 2,100 members, with strict enforcement to admitting members only. In addition to lunch and dinner, the club has extensive private party usage with the capacity to accommodate 450 seated and 1,200 standup. Club management caters approximately 70 functions annually including weddings, ceremonies, and other social functions.

Overall, in 1987 the officers mess and club achieved net operating income equal to 6 percent of total sales, which were \$1.7 million. In 1987, cost of food sold was approximately 40 percent, cost of liquor sold was 20 percent, and labor costs were approximately 35 percent of total food and beverage sales.

LOCAL FOOD AND BEVERAGE MARKET

Numerous restaurants, lounges, and fast food establishments exist in the Bethesda market area to serve the dining-out needs of the people who will be housed in the proposed BOQ. The needs and desires of officers with respect to restaurant/food service selection run the gamut of possibilities, but price is a factor because all officers, regardless of grade, are given a basic allowance for subsistence of \$114.90 per month or \$3.83 per day. Officers do often leave NMCNCR to dine out because they wish to psychologically remove themselves from the on-base environment.

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6. AUTHOR(S) Trevor L. Neve, Jordan W. Cassell, Robert L. Crosslin				
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APPENDIX L

**MARKET STUDY FOR A PROPOSED
BACHELOR OFFICERS QUARTERS
NAVAL MEDICAL CENTER,
NATIONAL CAPITAL REGION
BETHESDA, MARYLAND**

LOGISTICS MANAGEMENT INSTITUTE

MARKET STUDY FOR A
PROPOSED BACHELOR OFFICERS QUARTERS
NAVAL MEDICAL CENTER,
NATIONAL CAPITAL REGION
BETHESDA, MARYLAND

MARCH 1988

PREFACE

Appendix L was originally prepared by Pannell Kerr Forster under a subcontract with LMI and published separately with a restricted distribution. We have reprinted it here with no changes. Thus, material in the original document or appended to it bears the same numbering and designation it did when previously published.

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March 18, 1988

Mr. Trevor Neve
Logistics Management Institute
6400 Goldsboro Road
Bethesda, Maryland 20817

Dear Mr. Neve:

We have completed our study of the potential market demand for a proposed Bachelor Officers Quarters (BOQ) to be located at the Naval Medical Command National Capital Region in Bethesda, Maryland.

The entire study and conclusions reached are based upon our present knowledge and information with respect to existing supply and demand conditions in the market area at the completion of our fieldwork on February 1, 1988.

As in all studies of this type, our estimates of demand are based on assumptions which are subject to uncertainty and variation. Therefore, we do not represent them as results that will actually be achieved. We have no obligation, unless subsequently engaged, to update or revise this study because of events and transactions occurring subsequent to the completion of our fieldwork on February 1, 1988.

It is expressly understood that the scope of this study and the report thereon does not include the possible impact of licensing requirements, or other restrictions concerning the BOQ except where such matters have been brought to our attention and which are set forth in this report.

This report has been prepared primarily for your use and guidance in determining the demand for the proposed BOQ in relation to its cost and for possible use in negotiation of a lease or development agreement. As is customary in assignments of this nature, neither our name nor the material submitted may be included in any prospectus, newspaper publicity, or as a part of any printed material, or used in offerings or representations in connection with the sale of securities or participation interests to the public.

We should be pleased to hear from you if we can be of further assistance in the interpretation and application of our findings and conclusions. We express our appreciation to you and your associates for the cooperation extended to us during the course of our engagement.

Very truly yours,

Pannell Kerr Forster

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SECTION I

INTRODUCTION

INTRODUCTION

PURPOSE AND SCOPE OF THE STUDY

This study was undertaken in order to determine the magnitude of potential room night demand by both military and civilian (government and non-government) sources for a proposed Bachelor Officer's Quarters (BOQ) to be located at one of several potential sites at the Naval Medical Command National Capital Region, Bethesda, Maryland. The study was performed with the understanding that the Navy plans to request proposals from the private sector to finance, construct, own, maintain, and operate the BOQ at a lower price than the cost to the government to provide a similar facility and services.

The scope of the study included the following:

- Overview of the Naval Medical Command National Capital Region and National Institutes of Health.
- A qualitative and quantitative assessment of the on-base and off-base accommodations supply, present and projected.
- Analysis of the demand, present and projected, for overnight transient accommodations in the area.
- Development of an estimate of the number of occupied BOQ rooms that can be guaranteed by the government on a daily basis.
- Development of an estimate of additional room night demand, not guaranteed by the government, which could reasonably be expected to stay at the BOQ with minimal marketing expenditures by the owner/operator.
- Determination of the room rate the government should pay for the occupied rooms guaranteed by the government.
- Determination of the room rates per occupied room achievable for other guest rooms which would not be occupied as part of the government guarantee.

- Development of recommendations relating to market orientation, facilities, and services of the proposed transient BOQ/Hotel.

APPROACH AND METHODOLOGY

Our approach to this assignment was to examine potential demand sources for the BOQ including authorized and non-authorized users. Among the many people whom we interviewed are the following.

- Mr. Rich Grzesiak - Bachelor Housing Survey Coordinator - Department of the Navy, Northern Division, Naval Facilities Engineering Command
- Ensign Porter - Assistant Head of Operations Management, NMCNCR
- Mrs. Shirley Lester - Housing Referral Manager - NMCNCR
- Ms. Cilita Monnett - Housing Referral Counselor/Assistant Manager - NMCNCR
- Chief Keane - BOQ Manager, NMCNCR
- Lt. Fox - Officer in Charge - Personnel Support Activity Detachment
- Chief Mansburger - Disbursement/Military Records - Personnel Support Detachment
- Dr. Betty Colletti - Assistant Director of Student Affairs, Naval School of Health Science
- Carl Bauer - Navy Lodge Manager, NMCNCR
- HMCM. Rackstraw - Student Records - Office of Naval Medicine, Pentagon
- Mr. Gary Arrington - Naval Housing, Pentagon
- Lt. O'Connor - Out-patient Administrator - Naval Hospital
- Lt. Shehane - Public Affairs, NMCNCR
- Lt. Bailey - Planning - NMCNCR
- Commander Kiefer - Resident In-Charge of Construction - NMCNCR
- Ms. Jackie Halleran - Contracts - NMCNCR

- Pt. Wilson - Desk Clerk, BEQ 125, NMCNCR
- Ms. Brenda Parker - Out-patient Admissions - National Institute of Health
- Ms. Diane Wilcox - Voucher Officer - All Institutes, National Institutes of Health
- Mrs. Ruth Zaccarusso - Voucher Officer - Cancer Institute, NIH, National Institutes of Health
- Mr. Ray Rothman - Contract Director, Armed Forces Radiology Research Institute
- Mr. Ray Florence - Facilities Director, Armed Force Radiology Institute
- Mrs. Anne Leahy - Continuing Education Clerk - Naval Dental School
- Mrs. Linda Coleman - Secretary of the Director, Naval Dental School
- Mr. William Fraunhurst - Director, Office Commissioned Corps, Public Health Service
- Chief Mercado - Manpower Management - Naval Health Sciences Education and Training Command
- Mrs. Maureen Young - Secretary of the Commander, Naval Medical Research and Development Command
- Ms. Amy Lessie - Student Affairs, Uniformed Services University of the Health Sciences
- Ms. Lyn Hammer - Conferences Coordinator, Uniformed Services University of the Health Sciences
- Dr. K. Kinnamon - Associate Dean for Operation - Uniformed Services University of the Health Sciences
- Dr. John Bullard - Executive Director of Continuing Education - Uniformed Services University of the Health Services
- Ms. Jonesi Lewis - Contract Secretary, Travel Department, Naval Regional Contract Center
- Mrs. Phylis Chang - Organizational Office, Health and Human Services, National Institute of Health

- Mrs. Kerry Corbin - Schedule of Conferences Secretary, Multi-Discipline Laboratory - Uniformed Services University of the Health Services
- Mark Hackly - Facilities Assistant, NMCNCR
- Jack Markowitz - Deputy Director of Operations, Public Health Services
- Dr. Becker - Administrative Director, Public Health Services
- Dr. Kealigy - Surgeon Generals Office, Public Health Services
- Conference Reservations Department, National Institutes of Health
- Mr. Walt Rachin - Facilities Management, Armed Forces Radiology Research Institute
- Naval Investigative Services Office of the Director
- Mr. Bill Faught - Planning, Naval Facilities Engineering Command, Chesapeake Division
- Mr. Mel Wells - Naval Housing Department, Transient Department, Department of the Navy, Northern Division, Naval Facilities Engineering Command
- Mr. Jim Brown - Manpower, Commission Corps, Public Health Services
- Lt. Corfield - Manpower, Naval Medical Research Institute
- Chief Aucher - Facilities Manager, Naval School of Health Sciences
- Lt. Sanford - Operating Management, Naval Hospital
- Lt. Widley - NITRAS Manager, Naval School of Health Sciences
- Mrs. Bee Ramsey - Administrative Assistant, Regional Physical Education Board
- Mrs. Diana Bertnam - Visitors Information Center, National Institute of Health
- Dr. Steve Groven - Executive Director of Clinical Center, National Institute of Health
- Mr. John Sauttemkowski - Budget Director Clinical Center, National Institute of Health

- Mrs. Diane Palermo - Public Affairs, Naval Surface Weapons Center
- Dr. A. Berg - Social Work Department, National Institutes of Health
- HMN1. Vasser - Out-patient Records, Naval Hospital
- HMN1. Cook - In-patient Records, Naval Hospital
- Mr. Woody June - Officers Club Manager

SECTION II

SUMMARY OF FINDINGS AND CONCLUIONS

SUMMARY OF FINDINGS AND CONCLUSIONS

- On the basis of our study and analysis, we are of the opinion that there is sufficient existing and prospective demand to support the private sector development of a rooms-only (i.e., no food and beverage facilities or meeting rooms) transient Bachelor Officer's Quarters/Hotel ("proposed BOQ"), with a minimum room count of 200, located at the Naval Medical Command, National Capital Region (NMCNCR), Bethesda, Maryland. Potential daily demand for the sleeping rooms in the proposed BOQ is summarized in Table 1 on page II-2.

- Based on present and anticipated future market demand factors, we recommend that the U.S. Navy should offer prospective developers of the proposed BOQ a guaranteed daily occupancy of 100 rooms at an average daily room rate per occupied room of \$40.00 with the developer building additional sleeping rooms at his own risk. We estimate that the developer will be able to rent additional rooms at room rates of at least \$40.00 and as high as \$60.00 per night.

- The proposed BOQ would be well located in terms of accessibility to room night demand generators at the Naval Medical Command, National Capital Region and neighboring National Institutes of Health (NIH).

- We recommend that the proposed BOQ be constructed according to standard BOQ specifications, but that at least 25 percent of rooms have two double beds to provide flexibility for families.

Table I
Estimated Daily Demand for Sleeping Rooms in the Proposed BQO

Higher Room Rate Demand Which May be Attractive to Private Developer

Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQO (1)	Estimated Daily Room Rate Potential	Maximum Per Diem Lodging Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy Private Homes Hotels Apartments
Transient Officers	NMCNCR	82		\$84.00	N/A \$17.00 N/A
Patients	NIH	70		\$40.00-\$60.00	\$10.00-\$15.00 \$17.00 \$17.50
Conference Attendees	NIH	43	\$40.00-\$60.00	\$84.00	N/A \$17.00 N/A
Out-Patients (Active Duty and Active Duty Dependents)	NMCNCR	147	\$40.00-\$50.00	\$84.00	N/A \$17.00 N/A
In-Patients (Active Duty and Active Duty Dependents)	NMCNCR	8	\$40.00-\$50.00	\$84.00	N/A \$37.00 N/A
Department of Defense Civilians	NMCNCR	9		\$84.00	N/A \$37.00 N/A
PCS Families	NMCNCR	4	\$30.00-\$40.00	None	\$10.00-\$15.00 \$37.00 \$17.50
All Other	Washington Area	25-50	\$40.00-\$60.00	None	\$10.00-\$15.00 \$37.00 \$17.50

Lower Room Rate Demand Which May be Unattractive to Private Developer

Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQO (1)	Estimated Daily Room Rate Potential	Per Diem Allowance (VHA/BAQ) Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy Private Homes Hotels Apartments
Permanent Party Officers	NMCNCR	114		\$22.02	\$10.00-\$15.00 \$37.00 \$17.50
Geographic Bachelors	NMCNCR	88	\$10.00-\$15.00	None	\$10.00-\$15.00 \$37.00 \$17.50
In-Patient (Military Retired and Their Dependents)	NMCNCR	3	\$10.00-\$20.00	None	\$10.00-\$15.00 \$37.00 \$17.50
In-Patient and Out-Patient Relatives	NIH	5	\$10.00-\$20.00	\$15.00(2)	\$10.00-\$15.00 \$37.00 \$17.50
Out-Patients (Military Retired and Their Dependents)	NMCNCR	123	\$10.00-\$20.00	None	\$10.00-\$15.00 \$37.00 \$17.50

Note: (1) Based on research, these are the number of rooms which would potentially be demanded at the proposed BQO for one of the following reasons: location, mandatory housing assignment, reasonable room rates. If rooms were constructed to house some permanent party officers, they would have kitchenettes.
(2) This is the per diem allowance that NIH would give a relative of a patient if they are staying with patient.
N/A - Not Applicable.

Source: Pannell Kerr Forster.

- Our analysis of NMCNCR and NIH found that there will be continuing support for the missions, institutes, and agencies. We examined indicators such as funding for activities, number of personnel, research and development projects, and hospital service growth before coming to this conclusion.

- Currently, some of the potential users of a privately developed transient Bachelor Officer's Quarters/Hotel at NMCNCR are being accommodated on-base in BOQ Building 11 at NMCNCR, which has space for 40 transient officers, and off-base in 27 hotels/motels with an aggregate total of 4,890 available rooms per day.

- Building 11, the existing BOQ at NMCNCR, is deficient in both quantity and quality of available spaces. A BOQ facility, by design, is the primary source of housing for transient officers and civilian employees on military orders, due to the ability to house those in need of rooms at a cost less than the market. At NMCNCR the demand exceeds the on-base rooms supply, resulting in a deficit estimated at 40 transient personnel per day. The housing shortfall requires the Navy to issue non-availability per diem (Montgomery County rate) to all transient officers and civilian government employees. Before January 1, 1988, this per diem rate was \$75.00 (\$42.00 for lodging and \$33.00 for food) for military officers and \$117.00 (\$84.00 for lodging and \$33.00 for food) for civilian government employees. As of January 1, 1988, the per diem rate for military officers was raised to \$117.00, making the military per diem equal to that of civilian government employees.

- In Montgomery County, within a circular market area which has NMCNCR at its center and has a 15-mile radius, there are 35 hotels with an aggregate total of 6,347 rooms. Based on our market research, we identified 27 of the 35 hotels which accommodated some military personnel or civilian government personnel in 1987. The 27 hotels, with an aggregate total of 4,890 rooms, are listed in Section IV of this report. Management personnel at each hotel were asked the percentage of rooms occupied by persons who were given a government room rate. In some cases, at economy-level hotel properties, the government rate was the same as the regular room rate so management made their best estimate of the employer of their guests.

- There are two hotels currently under construction in the market area, as well as several proposed hotels, including the proposed BOQ. Those hotels under construction include a 146-room Courtyard by Marriott at Route 29 and Randolph Road, Silver Spring and a 203-room Woodfin Suites on 1380 Picard Drive, Rockville. Proposed hotels include the following: the proposed BOQ; a Quality Inn at Westfarm, Route 29 and Randolph Road, Silver Spring; a 144-room Imperial 400 at the 400 block of Hungerford Drive, Rockville; and a Marriott Washingtonian Center Hotel at Interstate 270 between Shady Grove Road and the proposed Interstate 370 interchanges in Gaithersburg. Based on their location and market orientation, we have determined that these projects would not reduce the amount of potential demand for the proposed BOQ. A recent addition to rooms supply is the 21-room Navy Lodge at NMCNCR which reopened on February 8, 1988 after 2 years of renovations.

- Based on our market research, we estimate that the 1987 aggregate annual occupancy of the 27 hotels previously discussed will be 68 percent at an aggregate average daily room rate per occupied room of approximately \$57.00. The aggregate distribution of occupied rooms by market segment, in the 27 hotels, is estimated at 41 percent commercial individual, 12 percent corporate group, 4 percent association group, 2 percent permanents, 24 percent discretionary travel, and 17 percent government/military.

- During our fieldwork we learned that there is a doctor that has interest in developing a lodging facility catering to patients at NMCNCR and NIH. The doctor's partner owns three parcels of land in the southeast quadrant formed by the intersection of Rockville Pike (MD Route 355) and Jones Bridge Road. Because of the preliminary status of the doctor's plans for development, and relevant zoning issues, we consider the probability of completion to be very uncertain.

SECTION III

OVERVIEW OF THE NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION AND
NATIONAL INSTITUTE OF HEALTH

OVERVIEW OF THE NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION AND
NATIONAL INSTITUTES OF HEALTH

REGIONAL AND VICINITY OVERVIEW

The Naval Medical Command, National Capital Region (NMCNCR) is located in the Washington, D.C. metropolitan area, in Montgomery County, Maryland, a contiguous suburb of Washington.

The NMCNCR contributes to the special characteristics of and benefits from its location in Montgomery County. The county's "work force and strategic location adjacent to the nation's capital help shape its scientific-research and development-industrial character. The county is one of the nation's centers of research and development activities - both private and governmental." The Naval Medical Command, National Capital Region is among the major federal research and development installations in the county which also include The National Institutes of Health, National Bureau of Standards, Department of Energy, Naval Ship Research and Development Center, and Naval Surface Weapons Center.

In addition, more than 40 percent of the major private employers in Montgomery County are involved with advanced electronic technology, telecommunications, or medical sciences.

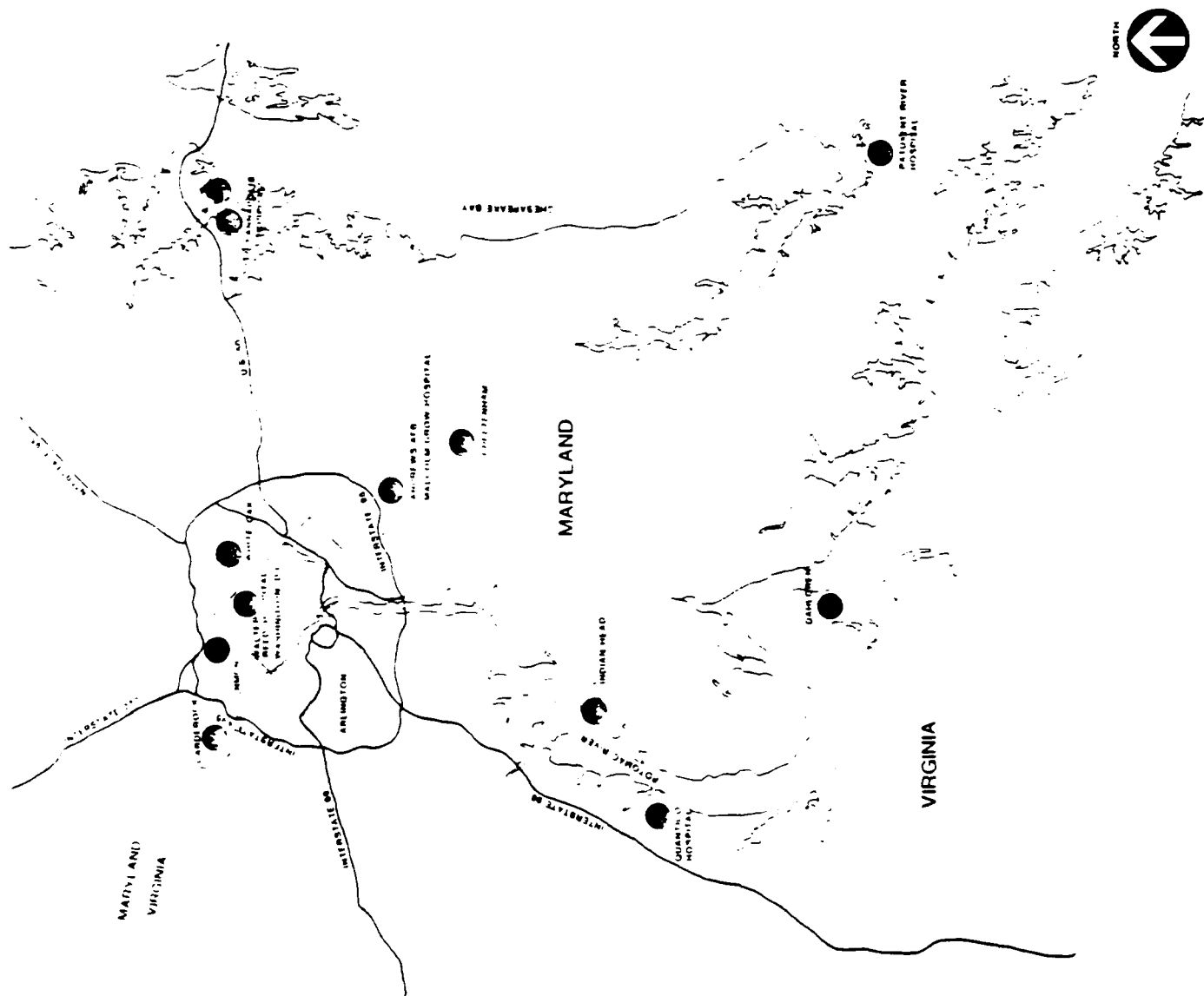
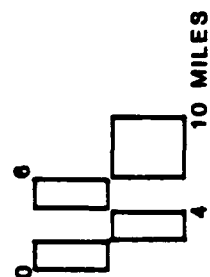
The triad of health care, education and research represented at NMCNCR includes a new replacement acute-care hospital with a total of approximately 600 beds; Naval Hospital, Bethesda, the leading naval

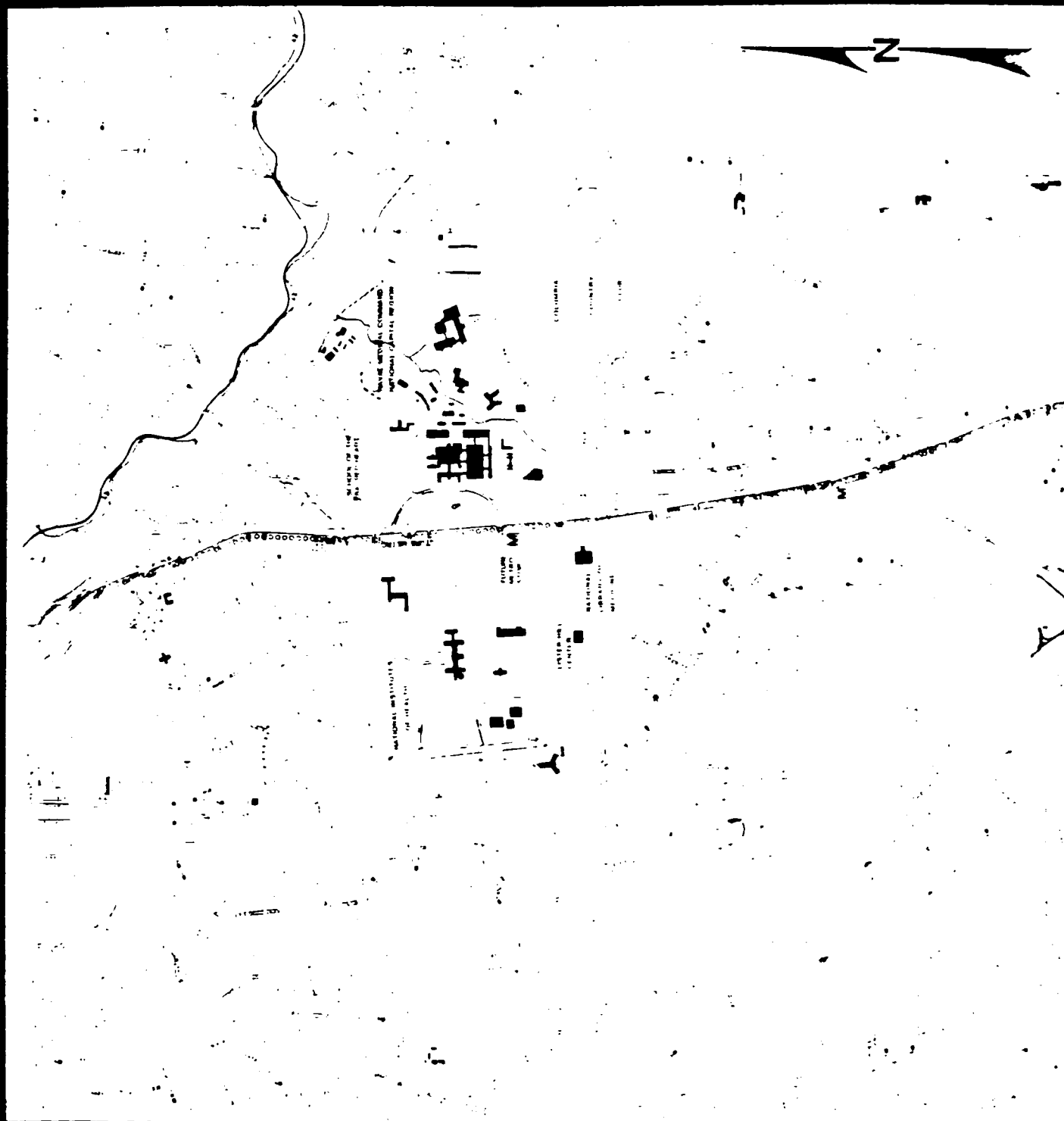
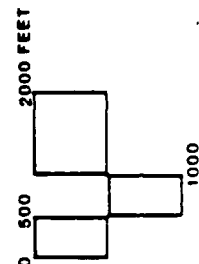
medical research facility; Naval Medical Research Institute (NMRI), the headquarters command for Naval Medical Research and Development Command (NMRDC); Naval Health Sciences Education and Training Command (NHSETC); the Naval School of Health Sciences (NSHS); the Naval Medical Data Services Center (NMDSC); and the National Naval Dental Center (NNDC) which provides advanced dental care and training. In addition, located at NMCNCR are two Department of Defense activities: the Uniformed Services University of Health Sciences (USUHS), the only military medical school in the United States; and the Armed Forces Radiobiological Research Institute (AFRRI), which performs approximately 95 percent of the biomedical neutron irradiation research in the free world. These activities combine to make NMCNCR a prestigious and unique center for health sciences and one which interacts with and enriches the biomedical research, and development, and education activities, concentrated in Montgomery County.

NIH, occupying 306 acres across Wisconsin Avenue from NMCNCR, has nearly 14,000 employees, an annual budget of \$6 billion, and is a biomedical research institution unrivaled in quality. The National Library of Medicine, the world's largest library on a single subject, adjoins NIH. The library includes a research and development component, the Lister Hill National Center for Biomedical Communications.

Regional Map

III-3





PLANNING FACTORS RELATIVE TO ADJACENT COMMUNITY

The following information provides the framework of planning regulations and agencies having jurisdiction over the area which surrounds the Naval Medical Command, National Capital Region (NMCNCR).

Surrounding Residential Development

The NMCNCR complex in Bethesda is surrounded by a mixture of residential, institutional, and open space uses. The residential character of the community on the east side of Wisconsin Avenue, on which NMCNCR is located, must be respected in planning for NMCNCR. Of particular community concern are building setbacks from the borders of the site, height of buildings, and landscaping, particularly of the borders. This community concern is shared fully by the National Capital Planning Commission and the Maryland National Capital Parks and Planning Commission. The area in the vicinity of the NMCNCR is considered to be a mature developed community.

In all plans which have been prepared, from early regional plans to the 1970 master plan for the Bethesda-Chevy Chase area, the NMCNCR site along with the campus of NIH, including the National Library of Medicine, have been defined in terms of future land use as federal or federal-institutional areas located within the built-up urban core down-county area of Montgomery County.

Existing Zoning

Zoning in the vicinity of the site generally reflects the existing land use and master plan proposals for the area. Present zoning is

predominantly low-density single-family residential, in the R-60 and R-90 zones, with the federal institutional areas located in an R-60 zone. Within these low-density residential zones, a variety of institutional-related uses, such as private educational institutions, hospitals, and philanthropic institutions are permitted as special exceptions.

Agencies Responsible for Planning

The Metropolitan Washington Council of Governments (COG), the regional planning agency for the Washington area, works to coordinate land-use planning in the region and to develop policies to solve areawide problems. The Montgomery County Planning Board of the Maryland National Capital Park and Planning Commission (MNCPPC) is the agency responsible for land-use planning in Montgomery County. MNCPPC is a bi-county agency of Montgomery and Prince George's Counties; each county has a appointed planning board which is the official planning agency for the county. The National Capital Planning Commission (NCPC) is the planning review agency for federal projects in the Washington metropolitan area.

NAVAL MEDICAL COMMAND, NATIONAL CAPITAL REGION (NMCNCR) OVERVIEW

NMCNCR operates a regional command headquarters at Bethesda which has authority for the activities of the Naval medical facilities of the entire region. At Bethesda, NMCNCR operates 35 buildings located on a handsome well-landscaped site of 243 acres. This campus serves as a base of operations for the following tenant commands:

Naval Medical Command activities:

- Naval Hospital, Bethesda (NHBETH)
- National Naval Dental Center (NNDC)
- Naval Health Sciences Education and Training Command (NHSETC)
- Naval School of Health Sciences (NSHS)
- Naval Medical Data Services Center (NMDSC)
- Naval Medical Research and Development Command (NMRDC)
- Naval Medical Research Institute (NMRI)

Department of the Navy Disability Evaluation System activity:

- Regional Physical Evaluation Board

Naval District of Washington activities:

- Personnel Support Detachment - Bethesda (PERSUPPET)
- Naval Investigative Service (NIS)

Naval Facilities Engineering Command activity:

- Resident Officer in Charge of Construction (ROICC, Bethesda)

Department of Defense activities:

- Uniformed Services University of Health Sciences (USUHS)
- Armed Forces Radiobiology Research Institute (AFRRI) - reports to Defense Nuclear Agency

The presence of these commands established Bethesda as the foremost center of Naval medical care, research, and education. The following paragraphs summarize the tenant commands based on their missions:

NMCNCR - Naval Medical Command, National Capital Region

MISSION - The Naval Medical Command, National Capital Region (NMCNCR), commands assigned naval shore activities and ensures that those activities are provided an appropriate level of resources to effectively and efficiently accomplish their assigned missions and functions. The command directs the overall provision of comprehensive and quality health care services throughout the assigned geographical and mission-identified areas of responsibility as prescribed by 10 U.S.

Codes and other applicable directives, and acts as the central authority for cooperation with military and civilian authorities in matters pertaining to public health, disasters, and other emergencies. It also provides necessary services to support tenant activities.

The Naval Medical Command, National Capital Region (NMCNCR), is under the command of and the support of the Naval Medical Command, Washington, an echelon II Command.

NHSETC - Naval Health Services Education and Training Command

MISSION - Implement policy and exercise control, administration and management of health sciences education and clinical investigative training programs for the Department of the Navy; develop plans, objectives, priorities, organization procedures, and standards to meet education and training requirements; establish, evaluate, and maintain optimal health sciences educational and training programs that will ensure maximum responsiveness to the operational and professional needs of the service; and provide budgetary support for the training activities and programs of the Medical Department of the Navy.

NMDSC - Naval Medical Data Services Center

MISSION - Provide, coordinate, and control centralized data-processing services for naval medical, statistical, and other data systems on a worldwide basis as directed by the Chief, Naval Medical Command (NMC), and higher authority; cooperate with other bureaus, offices, and agencies in matters pertaining to data processing.

NSHS - Naval School of Health Sciences

MISSION - Conduct entry level through advanced level education and training for Medical Department personnel to ensure maximum responsiveness to operational and professional requirements. Perform such other functions as may be directed by the Naval Medical Command.

NNDC - National Naval Dental Center

MISSION - Provide comprehensive and specialized dental services to Navy and Marine Corps activities units of the operating forces and other authorized personnel in the assigned geographic area.

NMRDC - Naval Medical Research and Development Command

MISSION - Manage the Navy Medical Department Research, Test, and Evaluation programs concerning the health, safety, and performance of Naval personnel.

USUHS - Uniformed Services University of the Health Sciences

MISSION - Provide the highest quality educational programs in the health sciences to those selected individuals who demonstrate dedication to a career in the health professions of the uniformed services. The Uniformed Services University shall be responsive to the overall education needs of the military departments relating specifically to the preparation of individuals for careers in the health profession.

NMRI - Naval Medical Research Institute

MISSION - Conduct basic and applied research and development concerned with the health, safety, and efficiency of Naval personnel.

NHBETH - Naval Hospital, Bethesda

MISSION - Provide a comprehensive range of emergency, out-patient, and in-patient health care services to active duty Navy and Marine Corps personnel and active duty members of other federal uniformed services. Subject to the availability of space and resources, provide the maximum range and amount of comprehensive health care services possible for other authorized persons as prescribed by Title 10, U.S. Code, and other applicable directives.

AFRRI - Armed Forces Radiobiology Research Institute

MISSION - Conduct research in the field of radiobiology and related matters essential to the operational and medical support of the Department of Defense and the military services.

MISCELLANEOUS COMMANDS

A number of smaller command detachments provide services to base personnel and have space assigned to their operations.

RPEB - Regional Physical Evaluation Board

RPEB is the regional office for the Department of the Navy Disability Evaluation System. It reviews the medical claims and provides hearings for all cases occurring within the region. The RPEB is actually a Tenant Command at NMCNCR.

PERSUPPDET - Personnel Support Detachment

PERSUPPDET is the activity responsible for Navy personnel matters. It reports to the Naval District, Washington and handles all processing of personnel including I.D.s, transfers, reenlistments/separations, disbursement, and transportation.

NIS - Naval Investigative Service

NIS reports to Naval District, Washington and maintains a small office suite at NMCNCR. It is the activity responsible for the security and investigative duties that are necessary prior to visits by high ranking government and military officials.

ROICC - Resident Officer in Charge of Construction

The overall objective of the ROICC office is to provide the administrative, contractual, and technical services necessary to execute the assigned Construction Program in a manner to complete quality construction which meets the operational and technical needs of the sponsors at reasonable cost and in a timely manner.

NMCNCR INDEX OF EXISTING STRUCTURES

Presented in Table 2 on page III-12 is an index of existing structures at NMCNCR, and a map showing the location of these buildings is presented on page III-13.

Table 2
NMCMCR - Index of Existing Structures
March 1983

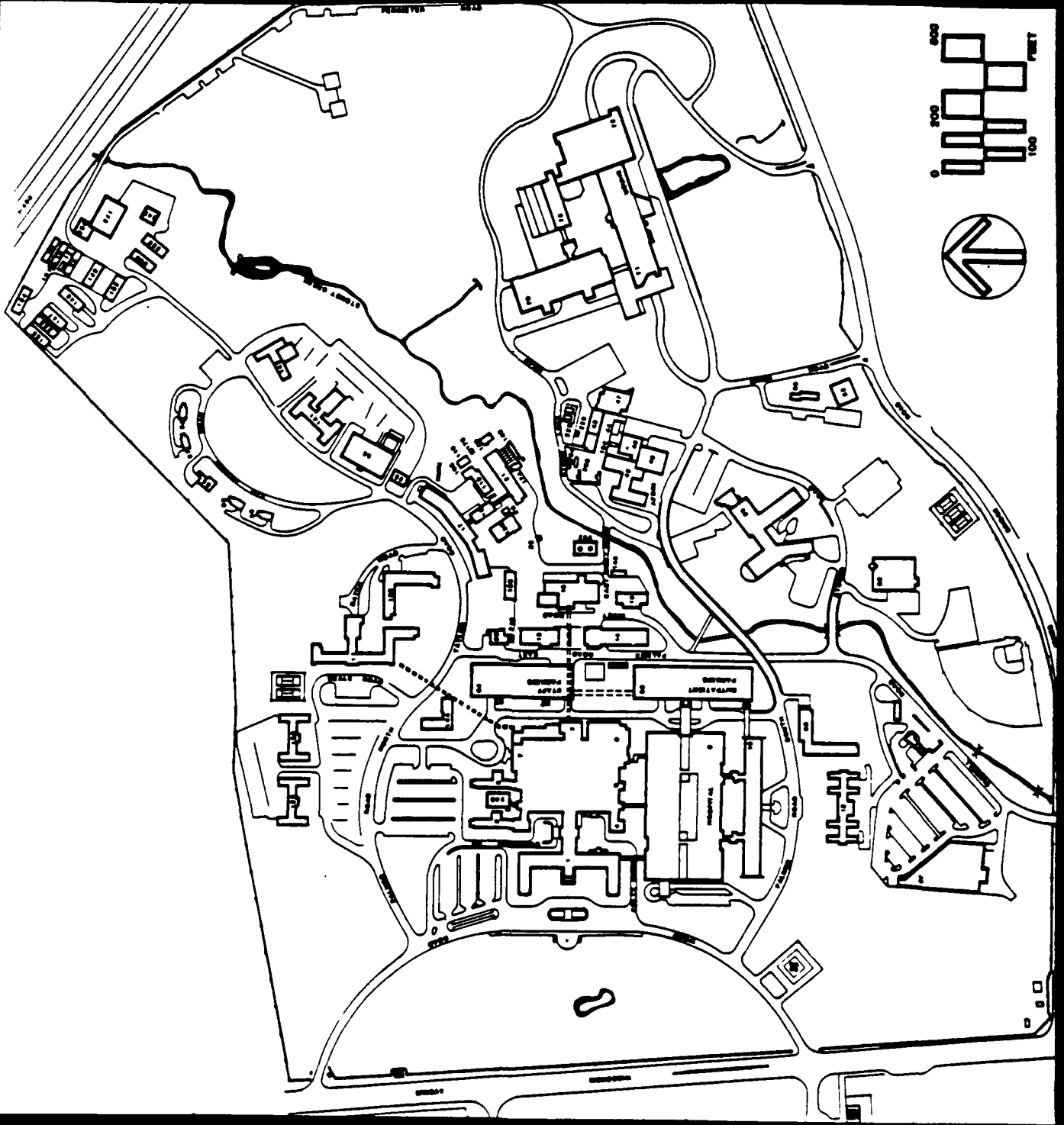
Building Number	Descriptive Title (Current Use)	Building Number	Descriptive Title (Current Use)
1	PERSUPDET, NNDC, HSETC, NMRI, PEB, CCOP, Retrofit (S)	53	NMRI EHRL/Administration (A)
2	Cafeteria, Bank, Post Office, Security, Retrofit (S)	54	Parking Structure, Comptroller and Material Mgmt. (A)
3	Hospital, Vacant (S)	55	Parking Structure, Child Care Center (A)
4	Hospital, Chaplain, MCLO (S)	56	Bowling Alley (A)
5	Hospital, Vacant (S)	57	NFX Retail Store (A)
6	Hospital, Red Cross, Navy Relief (S)	70	USIHS Academic Instruction Building (A)
7	Hospital, Retrofit (S)	71	USIHS Academic Instruction Building (A)
8	Chapel, Hospital, Retrofit (S)	72	USIHS Academic Instruction Building (A)
9	Hospital Outpatient Clinics (A)	73	USIHS Academic Instruction Building (A)
10	Hospital Nursing Tower (A)	119	NMRI Environmental Labs (I)
11	UOPH, NNDC, Storage (A)	121	Greenhouse (S)
12	UEPH, TRISARF, Financial and Material Mgmt. (NHBETH), Navy Print Shop (I)	122	NNDC Academic Instruction Building (I)
13	Laundry, PW Shops, Fire Chief (A)	123	NNDC Academic Instruction Building (I)
14	PW Maintenance Shops, Admin. (A)	125	UEPH, NSHS Academic Instruction Building (A)
15	PW Shops (A)	139	PW Shops, NMRI Lab (A)
16	Heating Plant, PW Shops, Incinerator (A)	141	NSHS Academic Instruction Building, NMR & DC Administration (I)
17	NMRI Offices, Labs, Auditorium (S)	142	NMR and DC Administration, NMRI Labs (I)
18	NMRI Labs (A)	143	PW Lumber Shed/Storage (A)
19	Greenhouse (A)	144	NSHS TV Studio, Eye Clinic (S)
20	Fire Station (A)	146	NMRI Animal House (I)
21	NMRI Animal House (S)	147	PW General Warehouse (A)
22	Chemical Storage (A)	148	PW General Warehouse (A)
23	Officer's Club, Enlisted Men's Club, Open Mess, Indoor Swimming Pool, Gym (A)	149	PW Grounds and Equipment Shed (A)
25	Greenhouse (A)	150	NMRI Laboratory (I)
26	Greenhouse (A)	151	Greenhouse Furnace Building (S)
28	NMRI Electronics Repair/Storage (A)	152	PW General Warehouse (A)
29	NMRI Administration (S)	153	PW General Warehouse (A)
34	Surgeon General's Quarters (A)	154	PW Grounds and Equipment Shed (A)
35	CQ Quarters (A)	155	PW Auto Vehicle Maintenance Shop (S)
36	Officer Quarters (A)	165	NMRI Administration (I)
37	Officer Quarters (A)	174	NMRI Storage Building (I)
38	Officer Quarters (A)	176	NMRI Storage Building (I)
39	Officer Quarters (A)	203	AFRRI General Storage (A)
42	AFRRI Administration/Labs (A)	204	AFRRI Pump House/Waste Control (A)
43	AFRRI Animal House/Labs (A)	205	AFRRI Pump House/Waste Control (A)
44	AFRRI Modulator Building/Lab (A)	223	AFRRI Hazardous/Flammable Warehouse (A)
45	AFRRI Labs (S)	225	PW Grounds and Equipment Shed (A)
46	AFRRI Administration/Labs (A)	239	PW General Warehouse (A)
47	AFRRI Animal House/Labs (A)	240	Clinic (A)
50	UEPH (A)	241	ROICC, PW Administration Building (A)
51	NFX Auto Repair Station (A)	242	Special Services Issue and Office (A)
52	Navy Guest Lodge (A)	256	Storage (A)

Condition of Building:

- (A) Adequate
- (S) Substandard
- (I) Inadequate

Source: CHESDIV Engineering Evaluation, August 31, 1982.

Existing Structures



SECTION IV

SUPPLY ANALYSIS

SUPPLY ANALYSIS

INTRODUCTION

The proposed BOQ will be a lodging facility built for the primary purpose of accommodating the transient government/military demand generated by NMCNCR and NIH. The new BOQ will represent a significant departure from the out-dated style and institutional appearance of the existing BOQ located on the grounds of NMCNCR.

Once built, the proposed BOQ will accommodate the government/military transient demand that is currently being accommodated by the existing BOQ, Building 11, and certain hotels in Montgomery County. When completed, the proposed BOQ is not expected to compete directly with hotels in the market area for military/government transient personnel on orders to NMCNCR because they will be required to stay at the new BOQ. However, in a broadly competitive context, the BOQ will compete with certain hotels in the market area because it will accommodate some people generated by NIH as well as the general public.

BOQ ROOMS SUPPLY

Existing BOQ at NMCNCR

In fiscal year 1987, the supply of unaccompanied officer accommodations at NMCNCR consisted of 93 transient and permanent party guest rooms contained in one BOQ. The BOQ, Building 11, was built in 1941 and has had heavy use with only essential repairs and minor structural modifications. Based on new Navy standards, all 93 units are of

inadequate or sub-standard quality because of their size (too small) and lack of private baths.

The following information from the Bachelor Personnel Housing Asset Report dated October 10, 1987 summarizes the existing BOQ:

Year Built: 1941
Year Improved: 1985

<u>Bachelor Officers Quarters/Private Baths</u>	<u>Bachelor Officers Quarter/Centered Baths</u>
Rooms under 250 NF.....0	Rooms under 250 NF.....89
Rooms between 250/399 NF...0	Rooms between 250/399 NF....0
Rooms over 400 NF.....4	Rooms over 400 NF.....0

<u>Classifications</u>	<u>Area/Square Feet</u>	<u>Available Spaces</u>	<u>Officer/Grade</u>
Adequate	0	0	0
Substandard	1,880	4	(03-010)
Inadequate	35,725	89	(W1-01)
Total	<u>37,605</u>	<u>93</u>	

The above information indicates that there is currently (February 1988) a deficiency of adequate existing rooms. Rooms available at the BOQ have been allocated by type of stay -- 52 have been allocated for permanent party officers, 36 for transient officers, four for V.I.P.s, and 1 for the duty officer. Based on the Unaccompanied Personnel Housing (UPH Inventory and Utilization Data) Report for Fiscal Year 1986 (October 1, 1986 through September 30, 1987), the BOQ attained a full utilization or average annual room occupancy level of 100 percent, and charged the following nightly room rates: \$4.00 for the 89 transient and permanent party rooms, and \$8.00 for the four V.I.P. suites. The preceding room rates do not reflect the true cost of the

government supported housing: they amount to a nominal charge to help cover the cost of the contract for cleaning the BOQ. The true cost of operating the existing BOQ was not available to us, due to the internal accounting methods and funding of such facilities.

EXISTING OFF-BASE TRANSIENT HOUSING SUPPLY

Off-base transient housing (daily, weekly, monthly rentals) in the economy consists of rooms in private homes, hotel rooms, and some apartment hotels offering month-to-month rentals.

Presented in Table 3 on page IV-4 are data on 27 hotels in Montgomery County that accommodated transient military or other government demand in 1987. These hotels are located in a circular market area which has NMCNCR at its center and has a 15-mile radius.

For 1987, we estimate that these 27 hotels, containing an aggregate total of 4,890 rooms, attained an average annual room occupancy level of 68 percent of capacity. We estimate that the average annual room occupancy of the individual hotels ranged from 33 to 90 percent. Advertised single occupancy government/military rates asked by the 27 properties ranged from \$37.00 to \$80.00, averaging \$51.59 for the military/government demand segment only.

Although, there is significant non-availability demand generated by the lack of on-base BOQ rooms at NMCNCR, hotels in the market area seldom negotiate contracts offering low rates. The actual number of rooms contracted for in 1987 by the independent commands of the NMCNCR through

Table 3
Hotel Properties in Montgomery County Accommodating Transient Military or Other Government Demand in 1987

Name of Hotel	Number of Rooms(1)	Single Government Rate	Government/ Military Occupied Room Nights	Food and Beverage Facilities	Location
Econo Lodge Gaithersburg	99	\$37.00	2,891	No	Gaithersburg
Econo Lodge Silver Spring	122	37.75	2,227	Yes	Silver Spring
Chevy Chase Motor Hotel	95	39.00	4,855	Yes	Chevy Chase
Red Roof Gaithersburg	116	39.95	4,107	Yes	Gaithersburg
Quality Inn Silver Spring	142	40.00	3,628	Yes	Silver Spring
Twin Towers	50	41.50	4,380	Yes	Silver Spring
Ramada Inn Bethesda	163	41.80	8,853	Yes	Bethesda
Comfort Inn Shady Grove	130	44.00	6,643	Yes	Gaithersburg
Colonial Manor Hotel	171	45.00	17,476	Yes	Rockville
Imperial Germantown	122	45.00	2,204	Yes	Germantown
Days Inn Rockville	190	46.00	8,322	Yes	Rockville
Manor Inn	76	47.00	1,353	No	Bethesda
Quality Inn Gaithersburg	127	47.00	4,867	Yes	Gaithersburg
Sheraton Northwest	293	47.00	22,458	Yes	Silver Spring
American Inn of Bethesda	78	50.00	9,965	Yes	Bethesda
Best Western Silver Spring	160	50.00	3,796	Yes	Silver Spring
Town Center Inn	97	50.00	2,478	Yes	Rockville
The Pavilion	123	51.00	7,542	Yes	Rockville
Holiday Inn Chevy Chase	227	54.00	18,270	Yes	Chevy Chase
Linden Hill Hotel	352	55.00	5,139	Yes	Bethesda
Ramada Rockville	166	56.00	3,393	Yes	Rockville
Holiday Inn Silver Spring	229	58.00	5,684	No	Silver Spring
Holiday Inn Bethesda	270	64.00	30,353	Yes	Bethesda
Holiday Inn Crown Plaza	309	74.00	7,557	Yes	Rockville
Marriott Pooks Hill	410	76.00	6,210	Yes	Bethesda
Guest Quarters Bethesda	189	77.00	2,690	Yes	Bethesda
Hyatt Regency Bethesda	384	80.00	3,924	Yes	Bethesda
Total	4,890	\$57.35	201,266(2)		

Note: (1) Rooms shown include only those marketed/allocated to transient guests.

(2) These occupied rooms represent approximately 17 percent of total rooms occupied at the hotels in 1987.

Source: Pannell Kerr Forster.

the Naval Regional Contracts Center was unavailable to us. Contract rates are typically below the rates that these hotels offer to their other guests and are on a space availability basis.

Based on interviews with NMCNCR and NIH, contracting with area hotels has had limited success, because of the inability of the contractors and contractees to arrange mutual terms.

Additions to On-Base and Off-Base Supply

There are five new hotel projects under construction or planned for the market area as of February 1988. There are two projects under construction, the 149-room Courtyard by Marriott on Route 29 in Silver Spring, and the 203-room Woodfin Suites located at 1380 Piccard Drive, Rockville, Maryland. Proposed hotels, not including the proposed BOQ include the following by orientation:

Midlevel:

- 144-room Imperial 400 at the 400 block of Hungerford Drive, Rockville.
- 142-room Quality Inn at Westfarm, Route 29 and Randolph Road, Silver Spring.

First-Class:

- 280-room Marriott Washingtonian Center Hotel located at Interstate 270 between Shady Grove Road and the proposed Interstate 370 interchange, Gaithersburg.

On February 8, 1988, the 22-room Navy Lodge (Building 52), located on the grounds of NMCNCR, reopened after 2 years of renovation. The facility is operated by the Navy Exchange on a self-supporting budget,

offering rooms to families of patients. We were informed that the Lodge will charge \$29.00 per day and is expected to achieve a constant 100 percent occupancy level.

PRICE-VALUE PERCEPTIONS

The BOQ concept is designed to provide a comfort zone for Naval officers seeking housing in an unfamiliar environment. However, in recent years, for certain market demand segments, lodging facilities available in the local economy have been a superior alternative to the existing BOQ. We found that there are several reasons why some military and civilian D.O.D. travelers exercise their option and seek accommodations in the local economy. Specifically, these reasons are: superior quality, superior atmosphere, and greater privacy. However, the proposed BOQ is expected to offer a product equivalent in quality to some of the economy-level hotels in the market area and at a lower room rate.

Price

The cost of lodging in the local economy, as perceived by military and civilian users, has increased significantly during the past few years. In 1987, many lodging facilities in the local economy offered military room rates above the old per diem rate for lodging (\$42.00). Only seven hotels offered military room rates below \$42.00 at the time of our survey in 1987. With the January 1988 increase to an \$84.00 lodging per diem rate, we expect many hotels in the market area to raise their rates.

Quality

The quality level and ambiance of hotels in the market area is generally superior to the out-dated style and institutional appearance of the existing BOQ facility at NMCNCR.

Atmosphere and Privacy

We believe that the comfort zone concept is very important to the majority of BOQ users. Generally speaking, those individuals who are eligible for the BOQ but are using facilities within the economy do so in order to obtain private living accommodations with a suitable atmosphere.

SECTION V

DEMAND ANALYSIS

DEMAND ANALYSIS

In this section we have analyzed existing and prospective demand for the proposed BOQ at NMCNCR. Included is a discussion of the criteria that is standard for all government/military related travel and a discussion of the market segmentation of potential demand.

NATURE OF GOVERNMENT/MILITARY TRAVEL AND PROCEDURES IN BETHESDA

Government/military related travel into Bethesda is conducted for a variety of reasons including: military, medical, education and recreational. All active duty personnel and active duty dependents traveling for military-related business must have approved orders issued by their host activity.

Once travel orders are approved, the military or Department of Defense (D.O.D.) traveler may request travel reimbursement, which will provide them with government-supported travel and lodging. Individual accommodations are reserved under guidelines established by the Joint Chief of Staff and regulated per the Joint Travel Regulations (JTR). Those traveling on military/D.O.D. orders must check for availability of adequate government supported housing at the activity they are visiting. If there is adequate available space within the BOQ, then a reservation is made. On the other hand, if there is not adequate available space, then the BOQ clerk will issue a non-availability number that is used as documentation of non-availability printed on the travel request form. The request is then submitted to travel officials in the

travel dispersement office at the person's host activity to obtain approval and processing for reimbursement based on non-availability per diem. At the conclusion of the travel, all receipts are submitted and reimbursement for all charges that do not exceed per diem are paid.

Non-availability per diem may result even if reservations have been made for government supported housing. Availability fluctuates because of the requirements and priorities of transient demand, and housing for those who made reservations cannot always be guaranteed. Therefore, in many instances, individuals are issued non-availability per diem upon arrival at a BOQ.

In certain instances, such as military-group events (e.g., educational conferences), a host activity must request contract housing if government supported housing is not available. This is fulfilled by the Naval Regional Contracting Center in that host activity area. Contracts are issued to the lodging facility that provides all specified facilities and services at the lowest rate.

BOQ Authorized User Profile

In general, authorized users of the existing BOQ facility at NMCNCR include the following:

- All unaccompanied officers of the U.S. Military forces and related civilian employees of the U.S. government on orders to the NMCNCR, including active duty, retired, transient, and PCS permanent party officers.

Authorized users have to move through a hierarchy of requirements and priorities before final housing determination is made. Presented in Table 4 on page V-4 is a summary of the BOQ Resident Priority Classification which is used as a guideline in determining the order in which authorized users must be given available BOQ spaces. Presented in Table 5 on page V-6 is the Primary Consolidated Personnel Summary (Navy Housing, ROI Report) for NMCNCR, which shows the distribution of most of the existing authorized user population at NMCNCR as of October 1, 1987.

Existing BOQ Demand

As identified in Table 6 on page V-7, officers have the option to accept inadequate housing. Officers will sometimes accept inadequate quarters, in exchange for the convenience of an on-base location. If they refuse the inadequate quarters, they are then issued non-availability, and are not reimbursed until they submit all travel receipts.

Table 4
BOQ Resident Priority Classification

Priority and Type of Resident (Highest to Lowest)	Occupancy Criteria	Documentation
1. Military Necessity:		
- Military PCS.	Permanent Party	Orders
- Military TAD.	Transient	Orders
- Civilian PCS.	Permanent Party	Orders
- Civilian TAD.	Transient	Orders
2. Members not Entitled to Per Diem:		
- At homeport.	Permanent Party	Letter from CO
- Not at homeport.	Transient	Letter from CO
3. Permanent Party:		
- PCS military without dependents.	Permanent Party	Orders
- Civilian DOD without dependents.	Permanent Party	Orders
4. Temporary Duty/Transient:		
- Not entitled to per diem.	Transient	Orders
5. Geographic Bachelors:		
- Eligible for military housing but who by choice are not accompanied.	Transient	Orders
6. Temporary Duty/Transient:		
- Personnel unentitled to per diem including military and civilian.	Transient	Orders
7. Permanent Party (Involuntary):		
- Includes PCS military personnel off ship crew members.	Permanent Party	Letter from CO
8. Permanent Party Personnel:		
- With eligibility for family housing who by their choice are unaccompanied and not included in Priority 5. Includes temporarily unaccompanied service members initially reporting on pcs orders who are arranging housing for their dependents.	Transient	Orders
9. Accompanied Active Duty Military:		
- Personnel and civilian employees without housing due to pcs orders.	Transient	I.D. Card
- Unaccompanied and accompanied active duty military personnel on leave or retired military personnel, and dependents, relatives and guests of hospitalized persons.		

Note: CO = Commanding Officer.

Source: Pannell Kerr Forster.

Table 5
 RO1 Report Primary Consolidated Personnel Summary - NMCNCR
 October 1, 1987

	<u>Current Population</u>	<u>Projected Population(1)</u>
<u>Permanent Party</u>		
Officers	1,145	1,217
Enlisted	1,981	1,977
Civilians	1,101	1,131
<u>Students - More than 20 Weeks</u>		
Officers	402	407
Enlisted	106	402
<u>Students - Less than 20 Weeks</u>		
Officers	41	30
Enlisted	87	54
<u>Transient</u>		
Officers	13	12
Enlisted	222	223
<u>Reserves</u>		
Officers	38	64
Enlisted	20	41

Note: (1) Population projected for October 1, 1992

Source: Navy Housing, NMCNCR; RO1 Report.

Table 6
Unaccompanied Personnel Housing Requirements

<u>Grade</u>	
01/010	Voluntary occupancy of housing, whether adequate or inadequate (currently authorized by 37 U.S.C. 403(b) (reference (j)))
W1-03	Option of living off base if only inadequate housing can be provided

Source: Pannell Kerr Forster.

Based on the Unaccompanied Personnel Housing Utilization Report for Fiscal Year 1987 (October 1, 1986 to September 31, 1987), there were, on average, 42 transient personnel housed daily in the existing BOQ and 21 transient personnel housed in the economy (i.e., off-base) each day on per diem.

Based on our interviews, we estimate that the amount of room night demand from transient personnel is somewhat greater. We base our estimate on the information that most transient military travelers to NMCNCR are aware of the perpetual non-availability, and the fact that the BOQ is primarily inadequate. Therefore, they have their orders endorsed prior to their departure, which alleviates their responsibility of checking in with the BOQ.

In addition to transient officers, the BOQ is currently housing 52 Permanent Party Officers per day, and on a space available and priority exhausted basis, Geographic Bachelors. Due to the low room rates demanded by these two segments, we have not included them in our estimate of daily demand for the proposed BOQ.

All transient military/D.O.D. travelers traveling on orders to Bethesda are required to first check availability at the activity they are visiting. With this in mind, the proposed BOQ should capture all transient military room night demand generated by the Naval Medical Command National Capital Region.

AGGREGATE POTENTIAL MARKET DEMAND

In our demand analysis, we examined the potential average daily demand for the BOQ by both authorized and non-authorized users generated by NMCNCR, NIH, and the immediate area, in an effort to determine the proper segmentation.

Based on the foregoing approach, we have identified the following government/military segments:

Authorized Users:

Transients - All unaccommodated military officers or civilian personnel on Temporary Duty (TDY), awaiting transfer, awaiting further assignment, pending separation, students less than 20 weeks and unaccommodated married personnel who are not on a permanent change of station orders at that location but who need to be provided unaccompanied personnel accommodations.

Permanent Party - All unaccommodated military or civilian personnel assigned to NMCNCR commands on permanent change of station orders and students 20 weeks or more.

Department of Defense Civilians - All unaccommodated civilian personnel visiting NMCNCR and supported by appropriated and non-appropriated funds. These people include key civilians, employees of contractors, and Department of Defense personnel.

Out-Patients (Retired) - All unaccompanied or accompanied retired military personnel who are eligible for government supported hospital out-patient care and on-base housing if available.

Out-Patients (Active Duty and Active Duty Dependents) - All unaccompanied or accompanied retired military personnel who are on orders and are hospital out-patients as well as their dependents who are out-patients. They are eligible for government supported housing and per diem if availability does not exist.

In-Patients (Retired Military and Dependents of Retired Military) All unaccompanied or accompanied retired military or their dependents who are eligible for government supported in-patient hospital care and on-base housing if it is available.

Geographic Bachelors or Voluntary Separated - Unaccompanied married military personnel who have elected not to bring their family to their permanent change of location.

In-Patients (Active Duty and Active Duty Dependents) - All accompanied or unaccompanied relatives of active duty personnel who are on orders and are accompanying hospital in-patients.

Non-Authorized Users:

PCS Families - All accompanied military that have permanent change of station order assigned to the NMCNCR.

National Institutes of Health:

Out-Patients - all accompanied or unaccompanied research patients who are under hospital out-patient care at an NIH clinical facility.

In-Patient and Out-Patient Relatives - All family members or guardians that are accompanying either in-patients or out-patients who are under care at an NIH facility.

Conference Attendees - all accompanied or unaccompanied person's attending the various seminars, conferences and meetings sponsored by the 14 institutes comprising NIH.

All Others - all accompanied or unaccompanied individuals visiting the Bethesda area with no direct NMCNCR or NIH association.

Presented in Table 7 are our estimates of the daily demand for sleeping rooms in the proposed BOQ by a variety of market segments. Based on our research and analysis, we have included destination, estimated daily

Table 7
Estimated Daily Demand for Sleeping Rooms in the Proposed BQ

Higher Room Rate Demand Which May be Attractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQ (1)	Estimated Daily Room Rate Potential	Maximum Per Diem Lodging Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Private Homes	Hotels Apartments
Transient Officers	NMCMCR	82		\$84.00	N/A	\$37.00 N/A
Patients	NIH	70		\$40.00-\$60.00	\$10.00-\$15.00	\$37.00 \$17.50
Conference Attendees	NIH	43	\$40.00-\$60.00	\$84.00	N/A	\$37.00 N/A
Out-Patients (Active Duty and Active Duty Dependents)	NMCMCR	147	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
In-Patients (Active Duty and Active Duty Dependents)	NMCMCR	8	\$40.00-\$50.00	\$84.00	N/A	\$37.00 N/A
Department of Defense Civilians	NMCMCR	9		\$84.00	N/A	\$37.00 N/A
PCS Families	NMCMCR	4	\$30.00-\$40.00	None	\$10.00-\$15.00	\$37.00 \$17.50
All Other	Washington Area	25-50	\$40.00-\$60.00	None	\$10.00-\$15.00	\$37.00 \$17.50
Lower Room Rate Demand Which May be Unattractive to Private Developer						
Market Segment	Destination/ Place of Employment/ Place of Hospitalization	Estimated Daily Demand for the Rooms in the Proposed BQ (1)	Estimated Daily Room Rate Potential	Per Diem Allowance (VHA/BAQ) Cost to U.S. Government February 1988	Lowest Cost for Daily Rentals of Single Rooms in the Economy	
					Rooms in Private Homes	Hotels Apartments
Permanent Party Officers	NMCMCR	114		\$22.02	\$10.00-\$15.00	\$37.00 \$17.50
Geographic Bachelors	NMCMCR	88	\$10.00-\$15.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient (Military Retired and Their Dependents)	NMCMCR	3	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50
In-Patient and Out-Patient Relatives	NIH	5	\$10.00-\$20.00	\$15.00(2)	\$10.00-\$15.00	\$37.00 \$17.50
Out-Patients (Military Retired and Their Dependents)	NMCMCR	123	\$10.00-\$20.00	None	\$10.00-\$15.00	\$37.00 \$17.50

Note: (1) Based on research, these are the number of rooms which would potentially be demanded at the proposed BQ for one of the following reasons: location, mandatory housing assignment, reasonable room rates. If rooms were constructed to house some permanent party officers, they would have kitchenettes.
(2) This is the per diem allowance that NIH would give a relative of a patient if they are staying with patient.
N/A - Not Applicable.

Source: Pannell Kerr Forster.

demand (i.e., number of rooms demanded), estimated daily room rate potential of each market segment, the maximum per diem lodging cost to the U.S. government as of February 1988, and the lowest cost for daily rentals of single rooms in the economy.

SEGMENT ANALYSIS

The following text is a discussion of the characteristics of market segments deemed relevant in housing determination, the sources of our data, and the calculations used to arrive at the potential daily room night demand by segment. Additionally, we have identified the U.S. government costs of lodging that are associated with each segment.

Authorized Users

Transient

Based on our interviews, we have defined transient demand as military and civilian personnel who are on specified orders to any of the activities at the NMCNCR, for a period of 20 weeks or less. Transient demand at Bethesda is categorized as Students, Reserves, or Temporary Duty (TDY). Transient Students and Reserves attend the various training seminars, conferences, and courses that are held throughout the year at the medical, educational, and research and development facilities at NMCNCR. The various meetings range in time from three days to three months, and several of the shorter courses are held two to three times a year. Attendees of the course come from all across the United States and Europe, and the classes range in size from 20 to 350 people. Temporary Duty include personnel that have orders to NMCNCR for a

variety of reasons including: waiting for additional orders, waiting for educational study to begin, and physical compensation review.

Three sources of transient demand statistics were made available to us, but investigation and comparison of the data rendered them inadequate. The report number, title, characteristics, and usefulness in our analysis are discussed below:

- R01 - Preliminary Consolidated Personnel Summary (Dated October 1, 1987) - This report is a survey that identifies the personnel associated with each activity by the categories of Permanent Party, Students (more than 20 weeks), Students (less than 20 weeks), Students "A" School, Transients, Rotational, and Reserves. The data is well defined, with both current and 5-year projected personnel. However, the data was presented to us with many hand corrections, indicating that there were discrepancies in the final figures. Secondly, the data are derived from a survey based on one day in a 6-month period, limiting the validity of the data.
- R19 - Final Determination of Bachelor Housing Requirements (Dated October 20, 1987) - This report identifies the personnel strengths broken down by officer grade, then by permanent party, geographic bachelors, and transient personnel in a line by line manner. The R19 is derived from the R01, and the figures presented are 5-year projections from the date of the R01 report. Additionally, a key Navy Housing Official stated that several line items were altered for reasons unknown.
- DD 1470 - Unaccompanied Personnel Housing Inventory and Utilization Data (Dated October 1, 1986 - September 30, 1987) - This report identifies the actual housing utilization of on-base housing by transient and permanent party officers and enlisted. It has supplemental data that identifies the number of unaccompanied officers and enlisted who are living off-base with BAQ, voluntary separated in BOQ, and off-base on per diem. This report was the only report that supplied actual data and we chose this as our source.

Based on information received during our interviews regarding DD 1470, we have added an upwards adjustment factor of 30 percent to account for

transient officers that were not required to check-in with housing officials. This estimated percentage represents the transient officers that have their orders for housing endorsed prior to arriving at NMCNCR.

Presented in Table 8 is our transient demand calculation based on data obtained from the report DD 1470 and our adjustment factor.

Table 8
Daily Transient Demand Calculation

	<u>Daily Transient Demand</u>		
	<u>On-Base</u>	<u>Off-Base</u>	<u>Total</u>
BOQ Eligible	42	21	63
			19(1)
Transient Officers Per Day			<u>82</u>

Note: (1) Adjustment equal to 30 percent of 63 due to existing practice of pre-certification of non-availability.

Source: DD 1470 Unaccompanied Personnel Housing Inventory and Utilization Data, dated October 1, 1986 - September 30, 1987, U.S. Navy; Pannell Kerr Forster.

In a comparison of the data listed on the survey R01 and actual DD 1470, there is a strong correlation in numbers. Transient personnel statistics from the R01 report are summarized in Table 9.

Table 9
NMCNCR Transient Officer Statistics from Report R01

<u>Transient Sub-Segments</u>	<u>Printed</u>	<u>Hand Corrected</u>
Students (Less than 20 weeks)	41	28
Transients (TDY)	13	13
Reserves	38	38
Total	<u>92</u>	<u>79</u>

Source: R01 Report, Navy Housing, NMCNCR.

Although the above figures of 92 and 79 were not used directly in our analysis, they do compare favorably with our estimated daily transient demand figure of 82.

According to management of the existing BOQ, the average length of stay for transients has been approximately 11 days. In the month of October 1987, 93 persons were issued non-availability with aggregate demand for 881 room nights of housing.

The costs that are associated with transient demand differ between on-base and off-base housing. On-base housing in the BOQ, in Building 11, costs \$4.00 per day. Military on-base housing cost is totally government supported. In addition, with the exception of geographic bachelors, those living in the BOQ are allotted a monthly BAQ-Partial, based on pay grade, ranging from \$13.20-\$50.70 per month. This is to offset the incidental charges incurred each month. Those transient officers and civilians that draw non-availability while on orders to NMCNCR are now (1988) allowed a daily per diem of \$117.00, \$84.00 for lodging and \$33.00 for food. They will now be able to afford any of the facilities in Montgomery County, where government room rates currently range from \$37.00-\$80.00 per night.

Permanent Party

Based on our interviews, this segment represents all personnel assigned to the activity on permanent change of station orders, including PCS students (20 weeks or more). The non-student permanent party officers

employed at NMCNCR fulfill a variety of duties within the various medical, educational, and research and development facilities. These include doctors, nurses, technicians, administrators, engineers, professors, and ancillary positions. The tour of duty of such permanent positions ranges from two to three years.

PCS Students at NMCNCR represent all branches of the Armed Forces including Navy, Army, Air Force, Marines, and the Commissioned Corps of the Public Health Service. Permanent Party students either attend courses at the 4-year program at the F. Edward Herbert School of Medicine or are fulfilling their graduate internship and residency requirements at the Bethesda Naval Medical Hospital. First and second year students are engaged in a 42- week academic program devoted to the basic biomedical sciences, the psychosocial aspects of health and disease, and introduction to military medicine and patient care techniques. The third year consists of required clinical clerkship of six and twelve weeks duration in Family Practice, Medicine, Obstetrics, and Gynecology, Pediatrics, Psychiatry, and Surgery. These can be completed at the student's choice in 12 various uniformed medical facilities across the United States. Following one week of instruction in military preventive medicine, students have 40 weeks of required clerkships and electives of their choice prior to graduating in May. The National Board of Medical Examiners, Part I, examination is taken in the second year, and Part II in the fourth year. The curriculum at the F. Edward Herbert School of Medicine is presented in Table 10.

Table 10
F. Edward Herbert School of Medicine Curriculum

<u>First Year</u>	<u>Time Period (Weeks)</u>	<u>Second Year</u>	<u>Time Period (Weeks)</u>
Orientation	1	Basic/Clinical Sciences	45
Basic Science Courses	42	National Board of Medical	
Leave (December-June)	4	Examiner (Part I-Review)	3
Field Study	5	Leave (December-June)	4
	<u>52</u>		<u>52</u>
 <u>Third Year</u>		 <u>Fourth Year</u>	
Clinical Clerkship	48	Military Preventive	
Leave (December-June)	4	Medicine	1
	<u>52</u>	Military Contingency	
		Medicine	4
		Military Emergency Medicine	4
		Sub-Internship	8
		Medical Block	8
		Surgical Block	8
		Behavioral Science Block	4
		Elective Clerkship	8
		Leave (December-June)	3
			<u>52</u>
		Graduation - May	
		National Board of Medical	
		Examiners, Part II	

Source: F. Edward Herbert School of Medicine, Bulletin 1988-1989.

The R01, DD 1470, and R19 reports which we evaluated to estimate transient housing demand also provided data on the housing demand of BOQ-eligible permanent party officers. Based on the characteristics of the reports, as previously discussed in this section, we once again used the DD 1470 Report - Unaccommodated Personnel Housing Inventory and Utilization Data for the period from October 1, 1986 - September 30, 1987. The report provided us with the data presented in Table 11.

Table 11
Daily Housing Demand of Permanent Party Personnel

	<u>Daily Demand</u>	<u>Market Segment</u>	<u>Current Housing Situation</u>		
			<u>On-Base</u>	<u>Off-Base</u>	<u>Total</u>
BOQ Eligible	345	Permanent Party(1)	52	294	345

Note: (1) Including PCS students staying 20 weeks or more.

Source: DD 1470, FY 1987.

On average, the total permanent party eligible in 1987 for the existing BOQ were 345 per day. All officers have the option to live off-base in the economy. Based on our interviews with BOQ and Navy Facilities Management, we estimate that about one-third or 114 of the total 345 bachelor permanent party officers would prefer to live on-base if quality space were available.

Based on interviews and data collected, we estimate that the percentage of permanent party officers who are bachelors to be 19.5 percent of the total permanent party population. The estimate of 19.5 percent is a weighted average of the bachelor proportions in two pay grade ranges, as presented in Table 12.

Table 12
Bachelor Distribution in Permanent Party Population

<u>Pay Grade Range</u>	<u>Estimated Proportion Who are Bachelors</u>
(W1-02)	29.2%
(03-010)	<u>16.5</u>
Weighted Average	<u>19.5%</u>

Source: Bachelor Housing Survey.

We then multiplied the percentage of bachelors by the total number of permanent party officers and students (more than 20 weeks) in the population (see Table 5 on page V-5), and the number of bachelors was thus estimated, as presented in Table 13.

Table 13
Estimated Number of Bachelor Permanent Party Officers and
Students (More Than 20 Weeks)

	<u>Printed R01</u>		<u>Hand Corrected R01</u>	
	<u>Permanent Party</u>	<u>Students M 20 (1)</u>	<u>Permanent Party</u>	<u>Students M 20 (1)</u>
Total	1,145	402	1,148	687
Percent Bachelor	19.5%	19.5%	19.5%	19.5%
Total Bachelor	223	78	224	134

Note: (1) M 20 means students at NMCNCR for more than 20 weeks.

Source: Pannell Kerr Forster; R01, Bachelor Survey Coordinator.

Students staying more than 20 weeks, attending the university and schools at NMCNCR, are similar to typical non-military medical students. They possess characteristics such as limited financial allowances for living and subsistence compounded by extremely hectic educational and social schedules. Therefore, we are of the opinion that of the permanent party personnel, these students represent the most

likely users of the proposed BOQ, as long-term-stay guests. The number of students (134) who are potential BOQ users, slightly exceeds our estimate of 114 permanent party users of the proposed BOQ, but lends support to our more conservative estimate.

The housing costs associated with permanent party personnel differ between on-base and off-base. On-base housing in the BOQ, Building 11, costs \$4.00 per day. It is important to note that the \$4.00 represents the expense charge to each officer to pay for the cleaning contract at the BOQ. In addition, permanent party officers living in the BOQ are allotted a BAQ-Partial, based on pay grade, from \$13.20-\$50.70 per month. This is to offset incidental charges each month.

Permanent party officers exercising their option to live off-base are allowed (based on pay grade) a Basic Allowance for Quarters (BAQ) and a Variable Housing Allowance (VHA), to live within the economy. The BAQ is the standard allowance for military personnel living off-base, and the VHA, which varies by geographic area, is an additional allowance to financially assist those stationed in high cost of living areas. Presented in Table 14 is our calculation of the weighted average of the BAQ/VHA for the permanent party bachelor population. The allowances shown reflect the slight increase which occurred on January 1, 1988. The weighted average of \$22.02 is an indication that the permanent party population would have to pay out of their own pockets to afford a market room rate at the proposed BOQ, and this is unlikely to occur.

Table 14
Permanent Party Weighted Average of Basic Allowance
for Quarters/Variable Housing Allowance (BAQ/VHA)

<u>Pay Grade (W1-02)</u>		<u>Pay Grade (03-010)</u>	
W1	\$508.80	03	\$598.15
W2	543.18	04	689.55
W3	593.23	05	736.86
W4	694.55	06	759.78
01E	492.55	07	768.32
02E	507.19	010	768.32
03E	658.37		
01	461.30		
02	493.40		
	<u>\$550.29</u>		<u>\$720.16</u>

<u>Pay Grade</u>	<u>Allowance</u>	<u>Personnel</u>	<u>Total</u>
W1-02	\$550.29	123	\$ 67,685.12
02-010	720.16	228	164,197.24
		<u>351</u>	<u>\$231,882.36</u>

Per Month	\$660.63
Per Day	\$22.02

Source: Personnel Support Detachment NMCNCR,
January 1, 1988.

Permanent party officers including students, exercise their option of living off-base in a variety of ways. What is available and what can be afforded varies proportionately with their BAQ/VHA. The following paragraphs will describe the housing alternatives presented to permanent party personnel.

Apartments

Presented in Table 15 are data on the April 1987 vacancy rate by rental rate range of apartments in that part of Montgomery County including Bethesda/Chevy Chase, Colesville/White Oak, Gaithersburg/Germantown, Rockville, Silver Spring/Takoma Park, and Wheaton. The vacancy rates

for units with rental rates under \$500 are very low, and some of these units are not highly desirable. Often, two or more permanent party bachelor officers will live together and combine their housing allowances to obtain a more comfortable environment.

Table 15
Apartment Vacancy Rate by Rental Rate and Size

<u>Rental Rate Range</u>	<u>Efficiency Units</u>	<u>One Bedroom Units</u>
	<u>Vacancy Rate</u>	<u>Vacancy Rate</u>
\$250-\$349	1.2%	4.0%
\$350-\$449	1.6	2.0
\$450-\$549	3.0	6.1
\$550-\$649	3.4	7.0
\$650-\$749	0	2.6
\$750 +	50.7	22.4

Note: Based on a survey of 48,549 non-subsidized units.

Source: Montgomery County Department of Housing and Community Development, August 1987.

Rooms for Rent

Renting a room in a private home provides both lower cost and month-to-month terms. Based on interviews with the NMCNCR housing referral office, it appears that there are approximately 150 local suppliers of rooms for rent within private homes. The space is available on a daily, weekly, and monthly basis, at \$15-\$20, \$80-\$100, and \$300-\$350, respectively. Those of the permanent party personnel who rent rooms in homes typically have lower pay grades and do not want to commit to the costs associated with apartment rental such as furniture and utilities.

Hotels/Motels

The daily cost associated with living in area hotels is higher than the other available alternatives. Hotel room rates for military personnel start at \$37.00 per day at local economy-level properties. Based on interviews with hotel/motel operators, those electing to rent hotel rooms prefer efficiencies with kitchenettes that allow them to prepare meals in their rooms. Additionally, because these are permanent party personnel, their BAQ/VHA allowance must cover their lodging cost. Therefore, sometimes two persons share a hotel room, and combine the BAQ/VHA. Based on interviews, long-term living in hotels offers merits such as no additional cost of furniture and utilities, plus laundry service is provided.

Purchase of Homes

A final and more costly alternative to permanent party personnel is purchasing homes in Montgomery and neighboring counties. This choice is only affordable to those in higher pay grades with long-term commitments in the Washington area.

Geographic Bachelors

The housing needs of geographic bachelors, also known as voluntary separated personnel, are unique in comparison to other military officers at NMCNCR. While geographic bachelors have many of the same functional characteristics as permanent party personnel, with similarities in the duration and variety of duties, they have limited housing alternatives that evolve due to their voluntary choice to have their families and

residency remain in a geographic area other than their current host activity. As a result of this decision, their BAQ/VHA will be drawn and used to support living costs based on their primary recognized residence, with no additional allowance for living in the secondary location. This has a great impact on their financial resources available for housing in the NMCNCR market area. Additionally, geographic bachelors are placed on low priority in the BOQ priority ranking.

The sources used in our calculation of geographic bachelor demand are the DD 1470 and information derived from interviews with BOQ and Housing officials. The report and interviews provided us with the data presented in Table 16.

Table 16
Geographic Bachelors

<u>Amount</u>	<u>Calculation</u>	<u>Daily Demand</u>		
		<u>On-Base</u>	<u>On Waiting List(1)</u>	<u>Total</u>
88	Geographic Bachelors	23	65	88

Conclusion: 88 geographic bachelors per day.

Note: (1) Based on interviews with BOQ Manager.

Source: DD 1470, FY 1987.

In 1987, the 23 geographic bachelors listed as living in the existing on-base BOQ incurred a cost of \$4.00 per day. They were permitted to stay in the BOQ only after all officers with priority were accommodated, and only for a period of 30 days.

Based on interviews, the additional 65 geographic bachelors identified as being on a waiting list live off-base in apartments, rent rooms in private homes, and hotels in the area. Because of the high housing cost in Montgomery County, they usually share rent and expenses by living with others.

Department of Defense (DOD) Civilians

Based on our interviews with the various individual commands, this segment is represented by those with orders and contracts for services at the NMCNCR. These individuals include guest lecturers; consultants; installation, service, and repair technicians; and construction personnel. Our interviews revealed only minimal activity that generated overnight accommodation. This was attributed to the self-sufficiency of the base, compounded by the abundance of capable local resources.

Presented in Table 17 is our estimate of the daily demand from Department of Defense civilians. We based our estimate on the federal regulation that they use government supported housing if available.

Table 17
Estimated Daily Demand by Civilian DOD Calculations

<u>Amount</u>	<u>Calculations</u>	<u>Daily Demand</u>
9	Professors/Lecturers	5
	Construction	2
	Other	<u>2</u>
	Per Day	<u>9</u>

Conclusion: 9 civilian DOD per day.

Source: Interviews with the NMCNCR commands.

All DOD employees on orders or contracted to perform a service at a military activity are required by joint travel regulations, to check for availability of government support housing. If all priority personnel have been accommodated and availabilities exist they would be required to stay in the BOQ. Based on our interviews, DOD personnel have never stayed in the BOQ as a result of great numbers of higher priority demand. This segment is now permitted a per diem of \$117.00, which includes \$84.00 for lodging and \$33.00 for food. In the situation of contract business, the contract will include lodging and subsistence in the aggregate amount.

In-Patients/Out-Patients of Bethesda Naval Hospital

The Bethesda Naval Hospital (NHB), a major uniformed medical facility, provides free comprehensive care to all active duty military, retired military, and dependents and survivors of the military. NHB serves the Navy, Marines, Air Force, Army, Coast Guard, Public Health Service, and the National Atmospheric and Oceanic Administration.

Based on the data collected, both in-patients and out-patients using the Bethesda Naval Hospital originate from across the United States and Europe. Presented in Table 18 on page V-26 are data on the Bethesda Naval Hospital patient housing needs by military category including active duty, dependents of active duty, and retired.

The different types of patients as well as those accompanying have varying constraints related to their ability to seek temporary housing.

These constraints include the following: method of transportation, on orders or not on orders, government housing or no government housing, allowances or no allowances, length of stay, and housing alternatives. Presented in Table 19 on page V-27, are the data on the various constraints that have a part in the final determination of housing for patients (and those accompanying patients) at Bethesda Naval Hospital.

Patients who are active duty or dependents of active duty are provided government-supported housing. Based on the scarcity of on-base accommodations, a proportionally large amount of these patients are given non-availability allowances and, thus, stay at area hotels.

The U.S. government does not provide any allowances for lodging to retired military patients. This presents an economic problem to the retired in-patients and out-patients at NHS. Lodging costs are very high and therefore, unaffordable to many military retirees. The Navy has allocated the 75 rooms in BEQ-Building 125 (BEQ 125) at NMCNCR at zero cost to retired military patients and their families. BEQ 125, a non-private, open bay facility, operates at 80 percent annual occupancy. Patients make reservations to stay at BEQ 125 prior to arriving at the hospital. If there is no availability, they are then forced to rent alternative facilities such as area hotel rooms, rooms in private homes, or if available, rooms at the Navy Lodge at NMCNCR.

As previously addressed in this report, most retired out-patients cannot easily afford to rent hotel rooms in Montgomery County for two or three

Table 18
Bethesda Naval Hospital Patient Housing Needs - Fiscal Year 1987

	<u>Out-Patients</u>		
	<u>Active Duty</u>	<u>Dependents of Active Duty</u>	<u>Retired</u>
Annual Number of Patients	134,519	105,667	149,032
Percent with Housing Needs(1)	40%	50%	60%
Number Requiring Housing (2)	53,808	52,834	89,419
Per Day (3)	147	145	245
Estimated Percent Officers or Dependents of Officers	50%	50%	50%
Potential for BOQ	74	73	123
	<u>In-Patients</u>		
	<u>Active Duty</u>	<u>Dependents of Active Duty</u>	<u>Retired</u>
Annual Number of Patients	5,808	7,049	3,071
Percent with Housing Needs(1)	20%	60%	80%
Number Requiring Housing (2)	1,162	4,229	2,457
Per Day (3)	3	12	7
Estimated Percent Officers or Dependents of Officers	50%	50%	50%
Potential for BOQ	2	6	3

Note: (1) Percent requiring overnight accommodations.
 (2) Patients and those accompanying them.
 (3) Annual number needing housing divided by 365 days.

Source: Fran Druckerly, Head Statistician, HMI. Cook Records/
 Statistics, Naval Hospital Bethesda.

Table 19
Bethesda Naval Hospital Patient and Accompanied Data

<u>Type of Out-Patient</u>	<u>Method of Transportation</u>	<u>Length of Stay</u>	<u>Percent of Patients on Orders</u>	<u>Percent of Patients Accompanied</u>	<u>Percent of Accompanied on Orders</u>	<u>Patient Housing Allowances (if on Orders)</u>	<u>Current Housing (if on Orders)</u>	<u>Current Housing (if not on Orders)</u>	<u>Housing Priority</u>
Active Duty	Medivac or Automobile	2-3 Days	100%	40%	50%	Gov't. Housing (if Available) or Per Diem	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Dependents of Active Duty	Medivac or Automobile	7 Days	100%	50%	100%	Gov't. Housing (if Available) or Per Diem	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Navy Lodge Area Hotels Private Homes	High
Retired	Automobile	2-3 Days	0%	60%	0%	-	-	BEQ 125 Navy Lodge Area Hotels Private Homes	Low
Active Duty	Medivac or Automobile	7-14 Days	100%	20%	50%	Gov't. Housing (if Available) or Per Diem	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Dependents of Active Duty	Medivac or Automobile	7-14 Days	100%	60%	100%	Gov't. Housing (if Available) or Per Diem	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels	Officer-BQ(1) Enlisted-BEQ(1) Navy Lodge Area Hotels Private Homes	High
Retired	Automobile	7-14 Days	0%	80%	0%	-	-	BEQ 125 Navy Lodge Area Hotels Private Homes	Low

Note: (1) Unaccompanied officers and enlisted only.

Source: Pt. Dixon, Patient Affairs, Naval Hospital Bethesda.

weeks, but sometimes by necessity have to pay these amounts due to a lack of alternatives. Patients that have planned ahead due to economic constraints often rent rooms in private homes, which are significantly less expensive than hotel rooms. Based on interviews, the 22-room Navy Lodge at NMCNCR, specifically operated to accommodate patients and families is now operating at 100 percent occupancy at a rate of \$29.00, and has had to turn away persons seeking lodging.

Permanent Change of Station (PCS) Families

PCS families are the families of military enlisted and officers who have orders requiring them to be stationed at NMCNCR. They perform the same duties and functions as permanent party personnel, but are classified as PCS until they have gained a permanent residence. As a result of these orders, they have elected to move their entire family to the new activity area.

Presented in Table 20 are data on the total number of officers that were transferred from other activities to NMCNCR. The actual number of PCS officers is not tracked. Therefore, we estimated the number classified as PCS as a percentage of total transfers.

Table 20
Estimated Annual Number of PCS Families at NMCNCR
Fiscal Year 1987

<u>Calculations</u>	<u>Officers</u>
Total Transfers FY 1987	446
Percent PCS	75%
Percent Accompanied	81%
PCS Families	<u>271</u>

Source: Personnel Support Detachment, NMCNCR.

We estimate that 271 officer families or approximately one families per day, were transferred to NMCNCR from other military installations in FY 1987. If each PCS family had an average need for 5 days of temporary housing, this would amount to 1,355 room nights (271 x 5) annually or approximately 4 rooms needed per day. For our analysis, we assumed that this segment would potentially demand 4 rooms per day at the proposed BOQ.

Information on the housing needs of PCS families was obtained through interviews with housing officials at NMCNCR. PCS families typically will travel to a new area to survey the environment and locate new permanent housing. This will result in the need for temporary housing while in the Bethesda area. Due to the lack of on-base accompanied transient housing, family members usually end up renting area hotel rooms for 3 to 4 days while they look for housing.

The nature of the travel makes enlisted or officer personnel fully responsible for all cost, except in a few situations when allowances are given. A second situation cited by housing officials involves PCS families entering the new activity area without searching prior to arriving at NMCNCR. This often results in a need for temporary housing in the economy for periods of one to two weeks.

In addition to area hotels, PCS families sometimes rent short-term apartments or rooms in private homes.

Non-Authorized Users

In this study we have also estimated demand for the proposed BOQ by non-authorized users. In general, the segment includes other travelers to the Bethesda area that are in need of temporary inexpensive housing. In the following text we have identified the various types of non-authorized users who could be attracted to the proposed facility.

National Institutes of Health (NIH)Patients and Families

NIH, which includes 15 independent institutes and divisions, has 14,000 employees, an annual budget of \$6 billion, and is a biomedical research institution unrivaled in quality. The 15 institutes and divisions include the following:

1. National Institute on Aging
2. National Institute on Allergy and Infectious Diseases
3. National Institute on Arthritis/Diabetes and Digestive Kidney Diseases
4. National Cancer Institute
5. National Health and Human Sciences
6. National Institute of Environmental Health Sciences
7. National Eye Institute
8. Family International Center
9. National Institute of General Medicine
10. National Heart, Lung and Blood Institute
11. National Library of Medicine
12. National Institute of Neurological and Communicative Disorders and Stroke
13. Division of Research Grants
14. Division of Research Resources
15. Division of Research Services

The above institutes occupy clinical space, devoted to care and treatment of research in-patients and out-patients in the perpetually expanding 541-bed Warren Grant Magnuson Clinical Center.

The NIH campus is deficient of lodging facilities to accommodate the large amounts of demand related to research patients and families. In FY 1986, approximately 145,000 out-patients visited NIH clinics. Presented in Table 21 are data on the daily housing needs of NIH research patients and their relatives.

Table 21
Housing Needs of
National Institutes of Health Research Patients

	<u>Monthly</u>
Patients Who Receive Institute Support	1,800
Patients Who Receive No Institute Support	300
Total	<u>2,100</u>
Per Day	70

Conclusion: 70 NIH patients per day.

In addition, 5 dependents/relatives of NIH patients per day.

Source: Interview with Mrs. Jacarusso,
Housing Referral NIH.

The data in Table 21 were made available by the voucher departments at NIH. The voucher departments at NIH allocate the housing and subsistence allowances that are provided to eligible research patients and relatives. It is important to note that not all institutes and agencies have appropriated funding for patients. These patients must provide for their own lodging or apply through the social work department for emergency funding. Appropriated funding comes from a variety of sources including the independent agencies, the NIH emergency fund and an aggregate NIH fund. Presented in Table 22 on page V-33 are

data on the housing allowances provided to NIH patients and their guardians. The system of appropriated funding for research patients and guardians is very complicated. All patients are not provided for equally, and some not at all.

NIH Conference Attendees

The National Institutes of Health conduct medical conferences, seminars, and meetings throughout each month of the year. The conferences are held at facilities on the NIH campus and at other available facilities in the area including hotels and conference centers. On the NIH campus, as previously stated in this report, there are no transient lodging facilities for the NIH-related demand. Currently, many NIH conference attendees are accommodated at hotels located in Montgomery County.

Interviews with NIH officials indicated that approximately 164,000 doctors and laymen visited the NIH campus for various reasons in 1987, but primarily as conference attendees.

Based on the number of conferees and the location of the proposed BOQ close to the NIH campus, we estimate that the proposed BOQ could attract approximately 43 NIH conference attendees per day. Presented in Table 23 on page V-34 is our estimate of potential daily demand by NIH conference attendees.

Importantly, this estimate is not based on the assumption that the proposed BOQ will have meeting rooms and host conferences. It is based

Table 22
National Institutes of Health Patient/Relative Appropriated Funds Data

Name of Institute	Length of Stay	Current		Guardian Food/Lodging Allowance	Current Guardian Lodging Facilities
		Out-Patient Food/Lodging Allowance	Out-Patient Lodging Facilities		
Cancer	2-14 Days	\$40.00	Area Hotels Private Homes	\$15.00	Private Homes With Patients
Most Others(1)	2-14 Days	\$60.00	Area Hotels Private Homes	\$15.00	Private Homes With Patients

Note: (1) Some institutes provide no funding for research patients.

Source: Voucher Departments, National Institutes of Health.

more on the location of the BOQ and likely moderate room rates that will be asked.

Table 23
Potential Demand for BOQ from NIH Conference Attendees

Calculation

164,000	75% From Outside Washington
	85% Need Rooms(1)
	3 Average Length of Stay in
	Number of Nights
<u>313,650</u>	Room Nights Annually
	5% Estimated Percentage that Would
	Use BOQ
15,683	Room Nights Annually
43	Daily

Conclusion: 43 NIH conference attendees per day
(without any conference space at BOQ).

Note: (1) Others stay with friends and relatives.

Source: Interview with Steve Groven, Executive
Director Clinical Center; Pannell Kerr Forster.

General Public or Others

The general public demand represents those in the area without direct government/military business. These people could include the following: families visiting military personnel and USUHS students during the school year and at graduation; active duty personnel on leave; and retired government/military personnel that are in the area as Washington tourists or attending alumni functions at the University or other commands.

At present, the NMCNCR is not accommodating these persons due to the lack of available space for non-priority active duty or retired government/military personnel.

Based on our general observations and knowledge of the Montgomery County hotel market, and visitor affiliations with government/military personnel, both active and retired, in the area, we are of the opinion that the proposed BOQ could attract 25-50 general public guests per day. However, some marketing would be required in various government and military publications. In 1987, approximately 437,000 hotel rooms were occupied at 15 economy level properties in the Montgomery County market area. Some were occupied by the segments previously discussed. However, the magnitude of this demand, approximately 1,197 rooms per day on average, would indicate that our maximum estimate of 50 rooms per day from the general public, or 4 percent of total daily demand is reasonable.

Based on our overall market segment analysis, we have drawn conclusions as to target markets for the proposed BOQ. Presented in Table 24 is a summary of our opinions regarding the attractiveness of each segment to a privately financed, developed, and operated BOQ at NMCNCR.

Table 24
Attractive and Non-Attractive Potential Demand for the Proposed BOQ

<u>Attractive Demand Segment</u>	<u>Estimated Average Daily Demand</u>	<u>Rationale</u>
Transient Officers	82	Government Supported Housing
Out-Patient (Active Duty)	74	Government Supported Housing
Out-Patients (Dependents of Active Duty)	73	Government Supported Housing
In-Patient (Active Duty)	2	Government Supported Housing
In-Patient (Dependents of Active Duty)	6	Government Supported Housing
Department of Defense/ Civilians	9	Government Supported Housing
PCS Families	4	Ability to Pay
NIH Patients	70	Institute Supported Housing
Conference Attendees	43	Ability to Pay
All Others	25- 50	Ability to Pay
Total	<u>390-415</u>	
<u>Non-Attractive Demand Segment</u>		
Out-Patients (Military Retired and their Dependents)	123	No Government Support
In-Patients (Military Retired and their Dependents)	3	No Government Support
Permanent Party Officers	114	BOQ/VHA Allowance too Low
Geographic Bachelors	88	BOQ/VHA Allowance too Low
NIH Patient's Relatives	5	Institute Support too Low
Total	<u>333</u>	

Source: Pannell Kerr Forster.

SECTION VI

EVALUATION OF MARKET POTENTIAL OF FOOD AND BEVERAGE FACILITIES
AT THE PROPOSED BOQ

EVALUATION OF MARKET POTENTIAL OF FOOD AND BEVERAGE FACILITIESAT THE PROPOSED BOQCONCLUSION

As previously presented in Section II of this report, we recommend that the proposed BOQ have a minimum room count of 200, with the developer building additional rooms at his own risk. Based on these recommendations with respect to facility sizing, and our analysis of existing food and beverage facilities at NMCNCR, we believe that it would not be cost effective to develop a restaurant as part of the proposed BOQ. We estimate that a restaurant/lounge operation in the BOQ would not generate enough revenue to break even because there are so many other dining opportunities on-base and off-base that would directly (and successfully) compete for the people housed in the BOQ. There are currently adequate food and beverage facilities at NMCNCR to serve the needs of people housed in the proposed BOQ. In addition, our research indicates that relocation of the Officers Club into the proposed BOQ would not be cost-effective for the overall MWR enterprises at NMCNCR. We believe that a high proportion of officers housed at the BOQ would use the existing Officers Club; and the potential additional business would represent incremental sales beneficial to the Club's operation without taxing its capacity.

In summary, we recommend that the proposed BOQ be developed without restaurant or lounge facilities.

INVENTORY OF EXISTING NMCNCR FOOD AND BEVERAGE FACILITIES

As part of our market analysis, we evaluated on-base food and beverage outlets, catering to officer grade personnel, as well as overall food and beverage facilities at NMCNCR. In our analysis of these food and beverage facilities, we sought to identify the availability of services and to determine current use patterns.

Presented in Table 25 on page VI-3 are summary data on NMCNCR food and beverage facilities. In the following text we have briefly described each of these facilities.

Hospital Galley

The Hospital Galley can accommodate (during breakfast only) 157 officers in a reserved area. Lunch and dinner are available but seating is in the main dining room which can accommodate 347 people. The Hospital Galley is supported by appropriated funding and only charges \$1.75 for breakfast and \$3.65 for either lunch or dinner. The Galley is operated cafeteria style and includes all you can eat for one price. Many officers that live both on-base and off-base dine at the hospital facility due to the low cost and unlimited amounts of food.

Navy Exchange

The Navy Exchange operates a cafeteria and snack bar within the hospital with an unrestricted seating capacity of 358. The cafeteria provides breakfast and lunch 7 days a week, but is closed for dinner. The snack bar has fast food items available in the evening from 3:30-11:30 p.m.

Table 25
Summary Data on Food and Beverage Facilities at MCNOR

Name of Facility	Type of Randle/ Ownership	Hours of Operation		Seating Capacity			Average Covers			Average Check			Type of Operation				
				Per Meal Period			Per Meal Period			Per Meal Period							
		Days	Hours	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner					
Commissioned Officer's Mess and Club	Non-Appropriated	Club: Tuesday-Thursday Friday and Saturday		11:30 a.m. - midnight 11:30 a.m. - 1:00 a.m.			Closed	90	90	Closed	250	90	Closed	\$4.50	\$16.00	Lunch: Buffet Dinner: A la Carte	
		Dining Room:															
		Brunch: Sunday															
		Lunch: Monday-Friday Buffet															
		Tuesday-Friday A la Carte Lunch															
		Dinner: Tuesday-Thursday															
		Friday-Saturday															
		6:30 a.m. - 10:00 p.m.															
Enlisted/Chief Petty Officers' Mess and Clubs	Non-Appropriated	Club: (Enlisted) Tuesday-Thursday (CPO) Monday-Friday		6:00 p.m. - midnight 11:00 a.m. - 11:00 p.m.			Closed	150	Closed	Closed	50	Closed	Closed	\$4.00	Closed	Buffet A la Carte	
		Dining Room:															
		Monday-Friday															
		11:30 a.m. - 2:30 p.m.															
		Weekdays															
		Weekends															
		6:00 a.m. - 9:00 p.m. 7:00 a.m. - 9:00 p.m.															
University Gallery	Winston Group	Weekdays:		6:30 a.m. - 2:00 p.m.			500	500	Closed	200	Closed	Closed	\$2.25	Closed	Cafeteria		
Hospital Gallery	Appropriated Rundling	7 Days/Week: Breakfast Lunch Dinner		5:45 a.m. - 8:00 a.m. 11:00 a.m. - 2:00 p.m. 4:30 p.m. - 6:30 p.m.			347(1) 29(2) 157(3)	347(1) 29(2) Closed	347(1) 29(2) Closed	275 Closed	640 100	\$1.75 \$.88 \$1.85	\$3.65 \$1.85 \$1.83	Cafeteria Cafeteria Cafeteria			
Navy Exchange Cafeteria Snack Shop	Non-Appropriated	7 Days/Week: Cafeteria Snack Shop		6:30 a.m. - 3:30 p.m. 3:30 p.m. - 11:30 p.m.			358 358	358 358	Closed Closed	275 100	Closed Closed	\$2.50 Closed	\$1.50 Closed	Cafeteria Fast Food			

Notes: (1) Main dining area.
(2) Chiefs' dining area.
(3) Officers' dining area.

Source: Pamell Kerr Foster; MCNOR food and beverage facilities.

The cafeteria is very popular with hospital personnel including doctors, nurses, and other ancillary staff members. The facility is operated with non-appropriated funds and its prices are higher than those at the hospital galley.

McDonalds

The McDonalds Corporation owns and operates one of their typical fast food restaurants at the NMCNCR. The restaurant opened in September 27, 1985, and offers breakfast lunch and dinner to both on-base and off-base persons. Management of the MacDonallds informed us that the food prices at the NMCNCR MacDonallds are slightly lower than some other MacDonallds in the region in order to attract military demand. The restaurant is open 7 days a week, and has the capacity to accommodate 165 persons.

University Galley

The University Galley is located within the Uniformed Services University of Health Services (USUHS), and is operated by the Winston Group, a private restaurant management company. The facility provides breakfast and lunch during classroom hours to the students, professors, and administrative staff of the university. Total seating capacity is 500. Management indicated that there is currently a reorganization program underway to improve the operation.

Enlisted Mess and Club/Chief Petty Officer's Club

These two operations share the same facility located in the bottom of Building 23, but are differentiated by name, hours of operation and budgets. They are both operated by the MWR program at NMCNCR, which also operates the Officers Club and recreational facilities.

The Enlisted Mess serves lunch Monday through Friday and is only open to E1-E9 and GS-1 to GS-8 personnel. The Enlisted Club and Chief Petty Officers' Clubs are combined as one but are segregated by unwritten hours of use. The facility offers, in addition to a social environment, a pool table, video games and a D.J. for dancing.

Officers Mess and Club

The Commissioned Officers' Mess and Club ("club"), Building 23 at NMCNCR, was originally built in 1949, and has had many renovations, expansions, and revision over the years. The massive three-story structure has a large decorative stone and wood exterior and traditional interior. The primary entrance is located on the second floor, which leads to the main dining room, party room, bar, administrative offices, and kitchen. The bottom floor is occupied by the Enlisted Club, Chief Petty Officer's Club, Package Store (liquor), and warehouse and storage space. The third floor is occupied by party rooms, administrative offices, and the dishroom area.

The club management currently has a \$2 million project budget to build a common kitchen to be shared by both the Officers' Club and the Enlisted Club. The project will include conversion of the existing kitchen into a casual bar and the existing dining room into a full bar. At the conclusion of the 2-year project the new location of the service areas will allow for logistic efficiency in relation to the existing layout.

The club is operated by the Navy Morale, Welfare, and Recreation (MWR) Department which also operates the Enlisted Club, Chief Petty Officers' Club, Package Store, and NMCNCR recreational facilities such as the gymnasium, pool and bowling alley. Each individual facility is responsible for their own operational budget but the overall MWR operations share a common fund, to provide overall financial stability.

Club patrons, depending on the meal period, include civilians, active duty, and retired military/government personnel. The 2,100 club members include active and retired military officers, Department of Defense GS-9 and above, and officers from the Public Health Service. Members pay \$7.00 per month for membership dues. They are deeply entrenched in the facility and issues regarding the evolution of the club are sensitive and of great concern. The club is an important link between retired personnel and the military.

The Officers' Mess serves lunch and dinner at different times depending on the day of week. During lunch periods, the dining room offers both a la carte and buffet menus that are available to all active and retired

officers or Department of Defense (GS-9 and above) personnel in the Bethesda area. Dinner and club use is restricted to the 2,100 members, with strict enforcement to admitting members only. In addition to lunch and dinner, the club has extensive private party usage with the capacity to accommodate 450 seated and 1,200 standup. Club management caters approximately 70 functions annually including weddings, ceremonies, and other social functions.

Overall, in 1987 the officers mess and club achieved net operating income equal to 6 percent of total sales, which were \$1.7 million. In 1987, cost of food sold was approximately 40 percent, cost of liquor sold was 20 percent, and labor costs were approximately 35 percent of total food and beverage sales.

LOCAL FOOD AND BEVERAGE MARKET

Numerous restaurants, lounges, and fast food establishments exist in the Bethesda market area to serve the dining-out needs of the people who will be housed in the proposed BOQ. The needs and desires of officers with respect to restaurant/food service selection run the gamut of possibilities, but price is a factor because all officers, regardless of grade, are given a basic allowance for subsistence of \$114.90 per month or \$3.83 per day. Officers do often leave NMCNCR to dine out because they wish to psychologically remove themselves from the on-base environment.